Evaluation of EU beef labelling rules

Final report
EUROPEAN COMMISSION
Directorate-General for Agriculture and Rural Development
Directorate E — Economic analysis, perspectives and evaluation; communication
Unit E.4 — Evaluation and studies
E-mail: agri-evaluation@ec.europa.eu

European Commission
B-1049 Brussels
Evaluation of EU beef labelling rules

Final report
Europe Direct is a service to help you find answers to your questions about the European Union.
Freephone number (*):
00 800 6 7 8 9 10 11

(*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

LEGAL NOTICE
The information and views set out in this report are those of the authors and do not necessarily reflect the official opinion of the Commission. The Commission does not guarantee the accuracy of the data included in this study. Neither the Commission nor any person acting on the Commission’s behalf may be held responsible for the use which may be made of the information contained therein.


doi: 10.2762/088525

© European Union, 2015
Reproduction is authorised provided the source is acknowledged.

Printed in France
Evaluation of EU beef labelling rules

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: Claire Cogolùènhes (AND-I), Andrew Hetherington (COFFEY), Fanny Lardier (AND-I), Caroline Monniot (Idèle), Christian Renault (AND-I), Violaine Romieu (AND-I) and Carlotta Valli (COGEA)

In collaboration with
Cogea (Italy), COFFEY (UK), Cracow University (Poland), Idèle (France), EBLEX (UK)
Table of contents

INTRODUCTION ........................................................................................................................................... 1

PART A: DESCRIPTIVE PART .................................................................................................................. 2

1 REGULATORY FRAMEWORK .............................................................................................................. 2

1.1 LEGAL BASIS ................................................................................................................................. 2

1.2 OTHER REGULATIONS TO BE CONSIDERED ............................................................................ 7

1.3 INTERVENTION LOGIC ................................................................................................................... 10

1.4 POTENTIAL UNDESIRED EFFECTS AND OTHER POSSIBLE LIMITS ................................... 12

1.5 IMPLEMENTATION OF REGULATION (EC) No 1760/2000 IN MEMBER STATES .................. 14

1.6 MAIN FINDINGS ............................................................................................................................. 17

2 THE BEEF MARKET CHAIN .............................................................................................................. 18

2.1 OVERVIEW OF THE BEEF INDUSTRY ...................................................................................... 18

2.2 LIVESTOCK BREEDING ................................................................................................................. 19

2.3 SLAUGHTERING ............................................................................................................................. 20

2.4 CONSUMPTION ............................................................................................................................... 21

2.5 PRICES ............................................................................................................................................... 24

2.6 INTRA-EU TRADE .......................................................................................................................... 28

2.7 EXTRA-EU TRADE .......................................................................................................................... 30

2.8 MAIN FINDINGS CONCERNING THE EVOLUTION OF THE MARKET .................................. 33

2.9 NATIONAL OVERVIEWS .................................................................................................................. 35

3 EXTERNAL FACTORS .......................................................................................................................... 49

3.1 DEMAND EVOLUTION .................................................................................................................... 49

3.2 SUPPLY EVOLUTION ...................................................................................................................... 51

4 METHODOLOGICAL APPROACH ..................................................................................................... 53

4.1 METHODOLOGICAL ASPECTS ..................................................................................................... 53

4.2 METHODOLOGICAL LIMITS ......................................................................................................... 54

PART B: EVALUATION QUESTIONS ..................................................................................................... 56

5 THEME 1 – MARKET EFFECTS: EVALUATION QUESTION 1 ............................................................. 56

5.1 IMPACT ON THE INTERNAL BEEF DEMAND ............................................................................. 60

5.2 IMPACT ON PRICES ....................................................................................................................... 63

5.3 IMPACT ON PRICES ....................................................................................................................... 66

5.4 IMPACT ON THE VOLUME, QUANTITY AND PRICES OF ANIMALS SLAUGHTERED .......... 69

5.5 IMPACT ON THE VOLUME OF IMPORTS FROM THIRD COUNTRIES ...................................... 71

5.6 EVALUATION JUDGEMENT ........................................................................................................... 72

6 THEME 1 – MARKET EFFECTS: EVALUATION QUESTION 2 ............................................................. 74

6.1 EVOLUTION OF PRODUCTION COSTS AND PRICES AT SLAUGHTERING AND MARKETING STAGES ........................................................................................................................................ 77

6.2 ADDITIONAL COSTS RELATED TO LABELLING AND ADAPTATION OF ACTORS .......... 82

6.3 MARKET SHARE EVOLUTION OF BEEF PRODUCTS ................................................................. 90

6.4 IMPACT OF ADDITIONAL REQUIREMENTS IMPOSED BY SPECIFICATIONS IN ACCORDANCE WITH VOLUNTARY LABELLING SCHEMES ........................................................................ 94

6.5 EVALUATION JUDGEMENT ........................................................................................................... 95

7 THEME 2 – CONSUMER PERCEPTION: EVALUATION QUESTION 3 .................................................. 97

7.1 CONSUMER AWARENESS AND UNDERSTANDING OF BEEF LABELLING ............................ 100

7.2 CONSUMER CONFIDENCE AND TRUST IN BEEF AND BEEF PRODUCTS ............................ 102

7.3 INFLUENCE OF THE LABELLING SYSTEM OVER CONSUMER PURCHASE DECISIONS ........ 105

7.4 EVALUATION JUDGEMENT ........................................................................................................... 107

8 THEME 3 – CONTROL SYSTEM: EVALUATION QUESTION 4 .......................................................... 109

8.1 SUPERVISORY ROLE OF THE COMMISSION OVER THE MEMBER STATES’ CONTROL SYSTEMS ........................................................................................................................................ 113

8.2 SUPERVISORY ROLE OF THE MEMBER STATES WITH REGARD TO THE INDEPENDENT THIRD PARTY CONTROL SYSTEM ....................................................................................................... 115

8.3 COMMUNICATION OF INFORMATION ............................................................................................ 118

8.4 LEVEL OF COHERENCE AND CONSISTENCY OF THE NATIONAL CONTROL SYSTEMS ........ 120

8.5 LEVEL OF EFFICIENCY OF THE CONTROL SYSTEMS’ DESIGN .................................................. 121

8.6 EVALUATION JUDGEMENT ........................................................................................................... 124

9 THEME 4 – COHERENCE: EVALUATION QUESTION 5 ...................................................................... 125

9.1 RULES REGARDING FOOD INFORMATION TO CONSUMERS ACCORDING TO REGULATION (EU) No 1169/2011 ARE COHERENT WITH BEEF LABELLING RULES ................................................................................. 129

9.2 RULES REGARDING THE INDICATION OF THE COUNTRY OF ORIGIN FOR SWINE, GOAT, SHEEP AND POULTRY MEATS ARE COHERENT WITH RULES REGARDING THE SAME INDICATION FOR BEEF .............................................................................................................................. 133
9.3 Sales descriptions and registration of bovine animals aged less than twelve months comply with rules about labelling of beef
9.4 Quality schemes and other quality labelling rules are coherent with beef voluntary labelling rules
9.5 Evaluation judgement

10 Theme 5 – Relevance: Evaluation Question 6
10.1 Evolution of breeders’ income
10.2 Evolution of meat companies activity and labelling cost at the processing stage
10.3 Evolution of demand and relevance with regard to retailers’ activities
10.4 Consumer expectations
10.5 Evaluation judgement

11 Conclusions and Recommendations
11.1 Causal relationships linked to the compulsory labelling rules from ‘fork to farm’
11.2 Labelling costs
11.3 Consumers satisfaction
11.4 Control system: low cost and limited effectiveness
11.5 Coherence of beef labelling rules with other relevant policy measures
11.6 Coherence with Regulation (EU) No 1337/2013 as regard the origin labelling of other meats
11.7 Relevance for stakeholders
11.8 Recommendations
**Tables**

Table 1 - Beef labelling requirements: compulsory indications (as required by Regulation (EC) No 1760/2000 and Commission Regulation (EC) 1825/2000, as amended) ................................................................. 5
Table 2 – Bovine livestock and production in the EU-28 (2013) .................................................................................. 19
Table 3 – Slaughtering of bovine animals (1000 tonnes cwe) ................................................................................... 21
Table 4 – Per capita consumption of beef and veal (kg cwe) .................................................................................. 22
Table 5 – Consumption of beef and veal (1000 tonnes cwe) .................................................................................... 23
Table 6 – Annual average of prices paid to producers for R3 young bull (€/100 kg) ............................................................. 24
Table 7 – Annual average of prices paid to producers for O3 cows (€/100 kg) ................................................................. 25
Table 8 – Consumer price indices for beef in six Member States (2004=100) ............................................................... 27
Table 9 – Intra-EU trade in beef (1000 tonnes cwe) ........................................................................................................ 28
Table 10 – Imports (intra and extra-EU) as part of national consumption by period .......................................................... 29
Table 11 – Evolution of the degree of openness of the EU beef market ........................................................................ 31
Table 12 – Evolution of EU Imports and exports of beef and live animals (1,000 tonnes cwe) ................................................ 32
Table 13 – Summary of the main data over the different periods .................................................................................... 33
Table 14 – Dairy and non-dairy cow herd evolution in the EU (25/27) from 2000 to 2013 ................................................. 51
Table 15 – Evolution of imports to the European Union of beef coming from third countries between 2001 and 2013 in 1,000 tonnes ........................................................................................................... 52
Table 16 – Periodisation .......................................................................................................................................................... 53
Table 17 – Judgment criteria and indicators for Evaluation Question 1 ........................................................................ 59
Table 18 – Average beef consumption by period of reference and EU Member State .......................................................... 60
Table 19 – Stakeholders’ opinions regarding the impact of compulsory labelling on the demand for beef ............................................................................................................................................................................ 61
Table 20 – Results of consumer focus groups concerning the confidence in labelling information .................................. 62
Table 21 – Stakeholders’ opinions with regard to the effect of compulsory labelling rules on the renationalisation of beef markets and on prices ........................................................................................................ 65
Table 22 – Stakeholders’ opinions regarding the influence of labelling cost on meat prices ........................................... 68
Table 23 – Judgment criteria and indicators for Evaluation Question 2 ........................................................................ 76
Table 24 – Traceability and compulsory labelling costs .................................................................................................... 83
Table 25 – Compulsory labelling costs at the processing stage ........................................................................................ 84
Table 26 – Compulsory labelling costs (estimates given in EUR / kg) as a share of retail prices ......................................... 85
Table 27 – Stakeholders’ opinions regarding traceability and labelling costs .................................................................... 85
Table 28 – Opinion of stakeholders regarding traceability and labelling costs ................................................................. 87
Table 29 – Stakeholders’ opinions regarding developments in the organisation of the supply chain and additional costs related to labelling rules ............................................................................... 89
Table 30 – Registered voluntary labelling schemes (case study Member States) .................................................................. 91
Table 31 – Share of products subject to voluntary labelling schemes ........................................................................... 92
Table 32 – Stakeholders’ opinions regarding developments in the organisation of the supply chain in relation to trends in the beef retail market ............................................................................................ 93
Table 33 – Stakeholders’ opinions regarding the impact of additional requirements imposed by specifications in accordance with voluntary labelling schemes .............................................................. 94
Table 34 – Judgment criteria and indicators for Evaluation Question 3 ........................................................................... 99
Table 35 – Judgment criteria and indicators for Evaluation Question 4 .......................................................................... 112
Table 36 – National bodies responsible for the control system and reporting to the Commission ...................................... 113
Table 37 – Implementation of control systems in the Member States and supervisory role of national authorities ........................................................................................................................................................................ 115
Table 38 – Infringement reporting in each Member State .................................................................................................. 116
Table 39 – Availability and content of the national reports sent to the Commission .......................................................... 118
Table 40 – Stakeholders’ opinions regarding control systems .......................................................................................... 120
Table 41 – Data collected regarding the control costs ...................................................................................................... 122
Table 42 – Calculation of the cost of carrying out controls as a share of the retail price of beef or the turnover of the beef sector ......................................................................................................................... 123
Table 43 – Registered PDO/PGI beef products in the case study Member States ................................................................. 127
Table 44 – Judgment criteria and indicators for Evaluation Question 5 ............................................................................ 128
Table 45 – Coherence between objectives of Regulation (EU) No 1169/2011 and of Regulation (EC) No 1760/2000 ...................................................................................................................................................... 131
Table 46 – Coherence between beef labelling rules and labelling rules applied to food products .................................. 132
Table 47 – Opinion of stakeholders regarding coherence between beef labelling rules and labelling rules for swine, goat, sheep and poultry meat ........................................................................................................ 135
Table 48 – Opinion of stakeholders regarding the co-existence on the internal market of beef products labelled under voluntary systems and beef products under PDO/PGI or other quality labels ............................................................................................................................................................................................................................................ 139
Table 49 – Origin specifications required for PDO/PGI beef registered before 2000 in case study Member States...
Table 50 – Judgment criteria and indicators for Evaluation Question 6 ........................................ 145
Table 51 – Evolution of FNI per FWU by period (1992-2004) ...................................................... 147
Table 52 – Evolution of FNI per FWU by period (1992-2004) – Euros ........................................ 148
Table 53 – Retailers’ opinions on the relevance of the compulsory and voluntary schemes........ 152
**Figures**

Figure 1 - Intervention logic diagram
Figure 2 - The EU beef marketing chain
Figure 3 - Evolution of consumer prices indices for beef in several Member States
Figure 4 - Intra-EU trade for beef (1000 tonnes cwe)
Figure 5 - EU trade balance of beef and live animals
Figure 6 - Imports (intra and extra-EU) as part of national consumption
Figure 7 - Main flows of fresh bovine meat in the EU (1,000 tonnes cwe; 2013)
Figure 8 - Degree of openness of the EU beef market (EU-15 and EU-28)
Figure 9 - EU trade balance of beef and live animals
Figure 10 - Beef and veal market chain in Germany in 2013
Figure 11 - Beef and veal market chain in France (2013)
Figure 12 - Beef and veal market chain in Italy (2013)
Figure 13 - Beef and veal market chain in Spain (2013)
Figure 14 - Beef and veal market chain in the United Kingdom (2013)
Figure 15 - Beef and veal market chain in Ireland (2013)
Figure 16 - Beef and veal market chain in Poland (2013)
Figure 17 - Evolution of global and EU consumption of meat, and of beef and veal
Figure 18 - Evolution of European consumption of each type of meat (1000 tonnes)
Figure 19 - Imports (intra and extra-EU) as part of national consumption
Figure 20 - Evolution of the ratio intra-EU trade / volume of beef slaughtered (EU-15 level)
Figure 21 - Carcass prices and retail prices comparison (Indices: 2004=100)
Figure 22 - Bovine slaughtering from 1999 to 2013 at EU-15 and EU-28 levels and total number of bovine in the EU-27 (in thousand tonnes carcass weight equivalent)
Figure 23 - Share of imports from third countries in total EU-15, EU-28 beef consumption
Figure 24 - Beef imports from third countries (1992 – 2013)
Figure 25 - Spanish bovine industry production costs in 2011
Figure 26 - Trends in average retail price structures in France by time period
Figure 27 - Long-term trends in raw material, retail prices and industry and retail gross margins (1998=100)
Figure 28 - Trends in the number of economic operators and turnover per economic operator
Figure 29 - Trends in performance indicators for the beef industry (case study Member States)
Figure 30 - Evolution of Farm Net Income (FNI) per Family Work Unit (FWU) for specialist cattle farms (TF14 45) – Period 1992-2003
Figure 31 - Evolution of FNI per FWU for specialist cattle farms (TF14 49) – Period 2004-2012
Figure 32 - Comparison of the evolution of carcass prices and breeders’ income (Index 100 = 2004)
### Acronyms and abbreviations table

<table>
<thead>
<tr>
<th>Acronyms</th>
<th>Names</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEUC</td>
<td>European Consumers Organisation</td>
</tr>
<tr>
<td>BLE (Germany)</td>
<td>German Ministry of Agriculture</td>
</tr>
<tr>
<td>BSE</td>
<td>Bovine Spongiform Encephalitis</td>
</tr>
<tr>
<td>CAP</td>
<td>Common Agricultural Policy</td>
</tr>
<tr>
<td>CBL</td>
<td>Compulsory Beef Labelling</td>
</tr>
<tr>
<td>CDB</td>
<td>Computerised Database</td>
</tr>
<tr>
<td>CJD</td>
<td>Creutzfeldt Jakob Disease</td>
</tr>
<tr>
<td>CMO</td>
<td>Common Market Organisation</td>
</tr>
<tr>
<td>cwe</td>
<td>Carcass Weight Equivalent</td>
</tr>
<tr>
<td>DAF (United Kingdom)</td>
<td>Department of Agriculture and Food</td>
</tr>
<tr>
<td>DAFM (United Kingdom)</td>
<td>Department of Agriculture, Food and Marine</td>
</tr>
<tr>
<td>DGAL (France)</td>
<td>General Directorate of Food</td>
</tr>
<tr>
<td>DGCCRF (France)</td>
<td>General Directorate for Fair Trading, Consumer Affairs and Fraud Control</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>EQ</td>
<td>Evaluation Question</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>EU-15</td>
<td>Austria, Belgium, Denmark, Germany, Ireland, Greece, Finland, France, Spain, Italy, Luxembourg, the Netherlands, Portugal, Sweden and the UK</td>
</tr>
<tr>
<td>EU-25</td>
<td>EU-15, Czech Republic, Cyprus, Estonia, Latvia, Lithuania, Hungary, Malta, Poland, Slovakia and Slovenia</td>
</tr>
<tr>
<td>EU-27</td>
<td>EU-25, Bulgaria and Romania</td>
</tr>
<tr>
<td>EU-28</td>
<td>EU-27 and Croatia</td>
</tr>
<tr>
<td>FADN</td>
<td>Farm Accountancy Data Network</td>
</tr>
<tr>
<td>FMD</td>
<td>Foot and Mouth Disease</td>
</tr>
<tr>
<td>FNICGV</td>
<td>French National Federation of Industry and Wholesale Trade of Meats</td>
</tr>
<tr>
<td>FBO</td>
<td>Food Business Operator</td>
</tr>
<tr>
<td>FSAI</td>
<td>Food Safety Authority of Ireland</td>
</tr>
<tr>
<td>FVO</td>
<td>Food and Veterinary Office</td>
</tr>
<tr>
<td>GEB</td>
<td>Bovine Economy Groupment</td>
</tr>
<tr>
<td>GI</td>
<td>Geographical Identification</td>
</tr>
<tr>
<td>IACS</td>
<td>Integrated Administrative and Control System</td>
</tr>
<tr>
<td>IDELE</td>
<td>French Livestock Institute</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>ISMEA</td>
<td>Italian Institute for food and agricultural market</td>
</tr>
<tr>
<td>KG</td>
<td>Kilogram</td>
</tr>
<tr>
<td>MAGRAMA (Spain)</td>
<td>Ministry of Agriculture, Food and Environment</td>
</tr>
<tr>
<td>MIPAAF (Italy)</td>
<td>Ministry of Agricultural, Food and Forestry Policies</td>
</tr>
<tr>
<td>MS</td>
<td>Member State</td>
</tr>
<tr>
<td>PDO</td>
<td>Protected Designation of Origin</td>
</tr>
<tr>
<td>PGI</td>
<td>Protected Geographical Indication</td>
</tr>
<tr>
<td>PLN</td>
<td>Polish Zloty</td>
</tr>
<tr>
<td>PZPBPM (Poland)</td>
<td>Polish Beef Producers Association</td>
</tr>
<tr>
<td>QMP</td>
<td>Quality Meat Programme</td>
</tr>
<tr>
<td>RNM</td>
<td>Réseau des Nouvelles des Marchés</td>
</tr>
<tr>
<td>RPA</td>
<td>Rural Payment Agency</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprise</td>
</tr>
<tr>
<td>TSG</td>
<td>Traditional Speciality Guaranteed</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>VAT</td>
<td>Value Added Tax</td>
</tr>
<tr>
<td>VBL</td>
<td>Voluntary Beef Labelling</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
</tr>
</tbody>
</table>
ABSTRACT OF THE FINAL EVALUATION REPORT

The evaluation of the EU beef labelling rules (Title II of Regulation (EC) No 1760/2000 of the European Parliament and of the Council) shows that the compulsory labelling rules, among other measures, had a positive influence on the restoration of consumer confidence following the BSE crises. However they were not sufficient to alleviate the structural decline in demand for beef which started in 2008.

A renationalisation of the markets has occurred in the retail sector coupled with an internationalisation of the markets in the catering sector. This has led to an increase in the consumption of imported beef in most of the Member States.

According to a theoretical approach, the cost of compulsory labelling represents around 6% of the beef processing costs. The main issue at this stage is batch management, which is very time-consuming.

Consumer demand for beef of national origin was met through the retail channel. Compulsory labelling fulfils the expectations of consumers. Yet, consumers do not know or understand batch and plant reference numbers displayed on labels. The market share represented by products sold under voluntary labelling is significant. Voluntary labelling can also sometimes be confusing.

The design of control systems complies with EU legislation. Audits conducted by the Commission have highlighted shortcomings in the implementation of traceability and labelling. It is impossible to make any firm judgement on the adequacy of the exchange of information between the Commission and the Member States. The estimates of control costs suggest that they are limited. Nevertheless, as the functioning of control systems is not fully effective, its efficiency could be improved.

Beef labelling rules are coherent with all related European food labelling rules.

Three recommendations are proposed: simplify beef labelling by replacing all the compulsory reference codes by a single 'traceability number', assess the effect of Regulation (EU) No. 653/2014, and enhance control procedures.
INTRODUCTION

The objective of this evaluation is to examine the relevance, effectiveness, and efficiency of the EU legislation regarding the labelling of beef and beef products with respect to achieving the objectives laid down in this legislation, as well as its coherence with other relevant measures applied under the CAP.

Evaluation covers the measures laid down in Title II of Regulation (EC) No 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 and repealing Council Regulation (EC) No 820/97 and its implementing rules that is to say: compulsory labelling system; voluntary labelling system; control system; special provisions on the compulsory and voluntary labelling of beef imported from third countries.

The examination period from 1 September 2000 (entry into force of the legislation) to the present time shall be covered. The period since 1996 and, when data are available, since 1992 is taken as a reference to cover the situation before adopting the legislation on beef labelling rules.

The evaluation covers the EU-28 Member States. However, in order to examine the different aspects of implementation of measures laid down in the legislation in detail, the evaluation will focus more precisely on the following Member States: France, Germany, Ireland, Italy, Poland, Spain and the United Kingdom, which are the main beef markets within the EU-28.

This document is the final report of the evaluation of beef labelling rules.

It contains:

• A first part (PART A) – the descriptive part contains:
  o an analysis of the legal framework, its evolution, its intervention logic and its implementation;
  o a presentation of the EU beef market, from 1992 to 2013: meat production, national consumption, prices, trade, external factors;
  o a presentation of the national markets for seven Member States where National Case Studies will be conducted during the next phase of the study;
  o an analysis of the external factors;
  o a presentation of the methodological approach.

• A second part (PART B) – answers to the six evaluation questions:
  o Market effect (evaluation questions 1 and 2);
  o Consumer perception (evaluation question 3);
  o Control system (evaluation question 4);
  o Coherence (evaluation question 5);
  o Relevance (evaluation question 6).

• This second part ends with general conclusions and policy recommendations.

---

1 Council Regulation (EC) No. 820/97 of 21 April 1997 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products.
PART A: DESCRIPTIVE PART

1 Regulatory framework

1.1 Legal basis

1.1.1 General rules on beef labelling as adopted in 2000

1.1.1.1 Objectives and former regulation

Council Regulation (EC) No 1760/2000 (hereafter referred to as 'the Regulation') intended to restore consumer confidence and beef consumption to the levels recorded before the first Bovine Spongiform Encephalitis (BSE) crisis.

The Regulation replaced Council Regulation (EC) No 820/97 which established rules for animal identification, traceability and labelling for beef and beef products. This first regulation was also a response to the market perturbations caused by the first BSE crisis. It introduced the principle of animal registration and traceability and the framework of a voluntary labelling system of origin. It also stated that a compulsory system had to be established before the 1st January 2000.

Recitals suggest that consumer confidence cannot be restored without a sound labelling system and explain the intended mechanism: the labelling has to be grounded on the bovine animal identification and registration system, which guarantees the transparency of the whole supply chain. These provisions will improve animal and human health protection and, at the same time, give consumers confidence in beef.

Finally, recitals give precise explanations on the objectives of the Regulation provisions:

- A compulsory labelling system, in all the Member States, has to be implemented in order to provide the consumer with information, including the slaughtering place and from the 1st January 2002, the place where the animal was born and where it was fattened;
- a voluntary labelling system will allow additional information to be given;
- special adaptations have to be implemented to include intra and extra-EU imported meats in the system;
- the traceability and labelling rules have to be adapted to the minced meat case, in which meats from different origins may be included in the same batch;
- the objective of labelling is to give maximum transparency in the marketing of beef;
- the provisions for beef labelling have to be coherent with the PDO/PGI schemes.

1.1.1.2 Compulsory labelling

The Regulation contains three titles. The first one focuses on "identification and registration of bovine animals" which is not the subject of the evaluation. Title two is our very subject, while title three in common provisions mainly outlines the Commission’s role and prerogatives. Title two of the Regulation is made up of three sections; we will focus on sections one and two, as section three contains general provisions.

Section one is about compulsory labelling and as a starting point it provides definitions.

- The product scope includes all the types of raw bovine meat, boned or deboned, including minced meat;
- Labelling means "attachment of a label to an individual piece or pieces of meat or to their packaging material" or "in the case of non-pre-packaged products, the supply of appropriate information in written and visible form to the consumer at the point of sale".
- An organisation is defined as a group of operators.

The Regulation then provides detail with regard to the compulsory labelling rules:

- The labelling system has to ensure that there is a link between the identification of the carcass (and cuts) and the individual animal or, in certain cases, a group of animals. This

---

2 Regulation (EC) No 1760/2000 of 17 July 2000 establishing a system for the identification and registration of animals and regarding the labelling of beef and beef products and repealing Council Regulation (EC) No 820/97
3 See in the ‘beef market chain’ chapter for an illustration of the economic impact of the two BSE crises.
4 Animal identification is a necessary condition for the implementation of a labelling scheme for the traceability of meat.
5 Customs codes: 0201, 0202,020610 95 and 020629 91.
means that traceability has to be maintained through the slaughtering, deboning, cutting and even mincing process up until the labelling of the individual product.

- The compulsory information that should be provided on the label is:
  - The identification number of the animal or the group of animals from which the meat comes from.
  - The approval number of the slaughterhouse at which the animal or group of animals was slaughtered and the Member State or the third country where the related slaughterhouse is located.
  - The approval number of the cutting plant at which the carcass (group of animals) was cut and the Member State or the third country where the related plant is located.
  - As from 1st January 2002, operators and organisations have to indicate the Member State or third country of birth, Member State or third country where fattening took place, and Member State or third country where slaughtering took place. However, when the beef is derived from an animal born, raised and slaughtered in the same Member State or in the same third country, the label must mention the “origin: name of the Member State or name of the third country”.

- A derogation exists for minced meat:
  - Operators and organisations shall indicate on the label the words ‘prepared (name of the Member State or third country where the meat was prepared) and origin (name of the Member State or third country from where the meat comes from when the country is different)’.
  - Operators or organisations may complete the information on the label with one or more of the compulsory indications related to non-minced meat (see above).

### 1.1.1.3 Voluntary labelling\(^6\)

Section two is dedicated to the voluntary labelling rules. It extensively describes the scheme to be followed:

- Each operator shall send the specification to the competent authority of the Member state;
- The specification must include: information to be included on the label; measures to be taken to ensure the accuracy of the information; the control system to be implemented at all stages, including controls to be carried out by an independent control body (in conformity with European Standard EN/45011); and in the case of an organisation, the measures to be taken against any member which is not in compliance with the specification.
- The control can be carried out by an independent control body or by the competent authority but the cost of control has to be borne by the users of the voluntary labelling.
- The approval of any specification must rely on a thorough examination by the competent authority. The link between the identification of the carcass and the animal is a necessary condition for the approval.
- When the production takes place in two or more Member States, each national competent authority has to approve the specification. Nevertheless, each Member State must acknowledge any specification approved by another Member State.
- Derogation exists in the case of pre-packaged meat, labelled in conformity with approved specification in a Member State, sold in another Member State, without any change or addition to the label, even if the voluntary scheme is only approved in the original Member State.
- Information between Member States is made through the Commission’s Beef Management Committee.
- Approval can be removed by the competent authority in the case of non-conformity.

The same section also sets down the rules for the voluntary labelling of beef from third countries. Operators and organisations shall comply with the same rules and, in addition, they have to notify

\(^6\) Rules as adopted in 2000
the Commission about the competent authority in the related third country, and how this authority examines the specifications and defines the agreed operators and organisations.

When the Commission concludes that the procedures or criteria applied in a third country are not equivalent to EU standards, it can decide that the approval granted in this country is not valid in the EU.

### 1.1.2 Specific provisions


- Where the slaughterhouse has no registration number, the label must indicate its name and address;
- For animals born in the EU before 1 January 1998, when there is no information about the place of birth and/or rearing, the label must indicate “born before 1 January 1997”;
- When an animal was reared less than 30 days in a country, this information is not required;
- A group of animals is determined by the number of animals whose carcasses or quarters are cut in a single day;
- The period given to the competent authority to give an answer or to ask for complementary information to an operator or an organisation which submitted a request for approval for a voluntary labelling scheme is two months;
- The Member States have to record and communicate to the Commission a list of all voluntary indications approved within their territory (including an update every three months).

### 1.1.3 Clarifications in 2007

Regulation (EC) No 275/2007 of 15 March 2007 amending Regulation (EC) No 1825/2000 (laying down detailed rules for the application of Regulation (EC) No 1760/2000 of the European Parliament and of the Council as regards the labelling of beef and beef products) aimed at solving technical problems that operators faced in the implementation of labelling related to traceability. The recitals of this complementary regulation focused on the vagueness in the definition of “group of animals”; the question of mixed meats (i.e. minced meat made of beef and meat from another species), the question of trimmings and cut meats and the situation is similar for non-pre-packed meat.


The main amendments contained in this Regulation are related to the definition of what constitutes a “group of animals” regarding its size and composition and to derogations to the labelling rules for trimmings, pre-packaged cut meat and non-pre-packaged cut meat.

Thus, a ‘group of animals’ is precisely characterised by the following rules:

- It may be constituted by several carcasses or quarters cut together and constituting a batch for the cutting plant; it may also be constituted by several carcasses or quarters to make a batch for minced meat production; the size of a group may not exceed the number of animals which can be produced in a single day,
- The constitution of these batches must follow several rules:
  - all carcasses or quarters in a batch cut together are of animals born in the same country, raised in the same country or countries and slaughtered in the same country and at the same slaughterhouse;
  - all carcases must have been cut up at the same cutting plant;
  - all meat in a batch that undergoes mincing is from animals slaughtered in the same country.
## Table 1 - Beef labelling requirements: compulsory indications (as required by Regulation (EC) No 1760/2000 and Commission Regulation (EC) 1825/2000, as amended)

<table>
<thead>
<tr>
<th>Basic rules</th>
<th>Minced meat¹</th>
<th>Trimmings²</th>
<th>Cut meat³</th>
<th>Derogations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reference number or reference code ensuring the link between the meat and the animal or animals</td>
<td>Reference number or reference code ensuring the link between the meat and the animal or animals</td>
<td>Reference number or reference code ensuring the link between the meat and the animal or animals</td>
<td>Reference number or reference code ensuring the link between the meat and the animal or animals</td>
<td>Reference number or reference code ensuring the link between the meat and the animal or animals</td>
</tr>
<tr>
<td>Membership State or third country of birth</td>
<td>No compulsory indications</td>
<td>Member State or third country of birth</td>
<td>Member State or third country of birth</td>
<td>Member State or third country of birth</td>
</tr>
<tr>
<td>Countries where fattening took place</td>
<td>No compulsory indications</td>
<td>All Member States or third countries where fattening took place</td>
<td>All Member States or third countries where fattening took place</td>
<td>All Member States or third countries where fattening took place</td>
</tr>
<tr>
<td>Member State or third country where slaughter took place</td>
<td>Member State or third country where slaughter took place</td>
<td>Member State or third country where slaughter took place</td>
<td>Member State or third country where slaughter took place</td>
<td>Member State or third country where slaughter took place</td>
</tr>
<tr>
<td>Approval number of the slaughterhouse at which the animal or group of animals was slaughtered</td>
<td>Approval number of the slaughterhouse at which the animal or group of animals was slaughtered; derogation: up to three different slaughterhouses + the number must be displayed on request</td>
<td>Approval number of the cutting hall at which the animal or group of animals was slaughtered; derogation: up to three different cutting halls + the number must be displayed on request</td>
<td>Approval number of the cutting hall at which the animal or group of animals was slaughtered; derogation: up to three different cutting halls + the number must be displayed on request</td>
<td>Approval number of the cutting hall at which the animal or group of animals was slaughtered; derogation: up to three different cutting halls + the number must be displayed on request</td>
</tr>
</tbody>
</table>

¹ Any meat that has been minced into fragments or passed through a spiral-screw mincer, and that falls within one of the CN codes referred to in Article 12 of Reg. (EC) No 1760/2000 and contains less than 1% salt.

² Small pieces of meat recognised as fit for human consumption produced exclusively during trimming operations during the boning of carcases and/or the cutting up of meat.

³ Meat which has been cut into small cubes, slices or other individual portions that do not require further cutting by an operator before being bought by the final consumer and can be directly used by that consumer. This definition does not cover minced meat and trimmings.

⁴ The individual pack offered unaltered to the final consumer or to an establishment engaged solely in retail sales, made up of cut meat and the packaging in which it was packed before being offered for sale, whether the packaging covers it fully or partially, but such that the content cannot be altered without opening or changing the packaging.

⁵ Cut meat displayed for sale non-pre-packaged in outlets for sale to the final consumer and all pieces of meat displayed for sale non-pre-packaged in outlets for sale to the final consumer, intended to be cut at the request of the final consumer.

⁶ Where the beef is derived from animals born, raised and slaughtered in the same Member State or the same third country.
Two derogations provide exceptions to these rules regarding the production of cut meat and of trimmings:

- During the production of cut meat, operators shall be authorised to constitute batches from meat of animals slaughtered at a maximum of three different slaughterhouses and from carcases cut up at a maximum of three different cutting plants;
- During the production of trimmings, operators shall, when constituting batches, be required to comply only with the requirement regarding the same country of slaughter.

These exceptions therefore constitute specific requirements regarding what must be indicated on the labels of trimmings, pre-packaged cut meat and non-pre-packaged cut meat in order to guarantee the same level of information.

Table 1 shows the standard labelling requirements set up by Regulation (EC) No 275 / 2007 and compares them to other cases: minced meat, trimmings, pre-packaged cut meat and non-pre-packaged meat.

As far as non-pre-packaged cut meat is concerned, Regulation (EC) No 275 / 2007 sets out the level of information that retail outlets must provide to consumers, imposing the following requirements:

- Batches of non-pre-packaged cut meats must comply with rules establishing the possibility for them to be constituted by meat coming from up to three slaughterhouses and up to three cutting halls;
- Labelling must indicate the name of the country in which the animals (from which the meat came) were born, raised and slaughtered, and the name of the country in which the carcases were cut up;
- Meat from animals born and/or raised and/or slaughtered in different countries must be clearly separated. Information shall be displayed in the sale outlet to allow the final consumer to distinguish easily between meats from different origins;
- A daily recording of the approval numbers of the slaughterhouses and the cutting plants from where the meat come from must be set up. Operators shall provide that information to consumers who so request;
- The size of the group may not exceed one day’s production (this is only the case for non-pre-packaged cut beef and/or veal displayed for sale to the final consumer).

1.1.4 Update of voluntary labelling

The Regulation was modified in 2014 and the change concerned only the voluntary labelling scheme. Regulation (EC) No 653/2014 (of the European Parliament and of the Council of 15 May 2014 amending Regulation (EC) No 1760/2000 as regards electronic identification of bovine animals and labelling of beef), sets out a new method of identification and registration of bovine animals (EID system based on radio frequency) and simplifies the voluntary labelling rules. Both of these amendments are part of a general objective of reducing the administrative burden for operators.

Recital No 23 of Regulation (EC) No 653/2014 states that [...], as for any other sort of meat, food information on beef which goes beyond mandatory labelling should respect the current horizontal legislation, including Regulation (EC) No 1169/2011. Chapter V of Regulation (EC) No 1169/2011 sets out the basis of voluntary food information:

- ‘It shall not mislead the consumer’ (with respect to article 7 of the same Regulation ‘fair information practices’):
  - As for the characteristics of the food and in particular as to its nature, identity, properties, composition, quantity, durability, country of origin, place of provenance, method of manufacture or production.
  - By attributing to the food effects or properties it does not possess.
  - By suggesting that the food possesses special characteristics when in fact all similar foods possess such characteristics.

By suggesting [...] the presence of a particular food or an ingredient, while a component naturally present [...] had been substituted [...]; food information shall be accurate, clear and easy to understand for the consumer.

Food information shall not attribute to any food the property of preventing, treating or curing a human disease (derogations exist for mineral waters and others foods for particular nutritional uses).

- It shall not be ambiguous or confusing for the consumer.
- It shall, where appropriate, be based on the relevant scientific data.

In order to respect these provisions, the articles of Regulation No 1760/2000 which were about the voluntary labelling are amended as follows:

- The title of the related section ('voluntary labelling system') is replaced by 'voluntary labelling'.
- Articles 16 to 18 (about voluntary labelling systems) are deleted.
- A new article 15a, named 'general rules' states that information other than related to the registration number, the slaughterhouse number, the processing plant number, the places of birth, fattening and slaughtering, the special labelling provisions for minced meat and intra and extra-EU imported beef, shall be objective, verifiable by the competent authorities and comprehensible for consumers. It shall also comply with the horizontal legislation (cf. comments on Chapter V of Regulation (EC) No 1169/2011).
- Article 15a also establishes that the Commission shall be empowered to adopt delegated acts, in accordance with article 22b (exercise of delegation), concerning definitions and requirements applicable to terms or categories that may be put on the labels of pre-packed fresh and frozen beef and veal.

In other words, the new voluntary labelling rules are much simpler. While the former system meant that producers had to obtain authorisation of specifications and subject themselves to controls by a third-party, the new system does not include such constraints.

1.2 Other regulations to be considered
In order to assess the impact of EU labelling rules, it is necessary to consider several other regulations that could have an influence on the implementation of title II of regulation 1760/2000.

1.2.1 Traceability of beef products (Title I of Regulation (EC) No 1760/2000)
The system for the identification and registration of bovine animals, and the beef labelling system were first established in response to the BSE crisis of 1996 in the framework of Regulation (EC) No 820/97, later repealed by Regulation (EC) No 1760/2000.

Title I of Regulation (EC) No 1760/2000 establishes the requirements related to the identification and registration of bovine animals. It relies on the following elements (article 3): Ear tags to identify animals individually; computerised databases; animal passports; individual registers kept on each holding.

The link between title I and title II is specified in article 13: the compulsory labelling system coupled with the information and registration system guarantees the traceability between the individual animal and the pieces of meat, quarter or carcass.

The compulsory establishment of computerised databases is mandated by Council Directive 64/432/EC on animal health problems affecting intra-Community trade in bovine animals and swine, which has been amended 59 times to date.

Regulation (EC) No 1082/2003 lays down detailed rules as regards the minimum level of controls to be carried out in the framework of the identification and registration system (Title I of Regulation (EC) No 1760/2000).

Regulation (EC) No 911/2004 moreover defines implementing rules of Regulation (EC) No 1760/2000 as regards ear tags, passports and holding registers. It specifies the type of information required for each of these elements.
1.2.2 General food law

The concept of traceability was introduced at EU level and extended to all food products with Regulation (EC) No 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 Regulation (EC) No 178/2002 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’. Article 18 lays down that traceability of all food products should be assured at each stage of production, processing and distribution.

Regulation (EC) No 178/2002 also gives general recommendations on labelling and states that ‘the information given should not mislead consumers’.

1.2.3 General rules on food information to consumers

Directive 2000/13/EC of the European Parliament and of the Council of 20 March 2000 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs established that labelling must not be such as it could mislead the purchaser to a material degree.

It also defines, in article 9 (Chapter V), the compulsory elements to be indicated on the label: nature of the product, list of ingredients, the quantity of certain ingredients, net quantity in the case of pre-packaged foodstuffs, the date of minimum durability or the “use by” date, any special storage conditions or conditions of use, the name and address of the manufacturer or packager, particulars of the place of origin, instructions of use if it is necessary, with respect to beverages containing more than 1.2% by volume of alcohol, the actual alcoholic strength by volume.

Regulation (EC) No 1169/2011 establishes the general principles, requirements, and responsibilities governing food information, and in particular food labelling. It repealed Directive 2000/13/EC on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs.

Regulation (EC) No 1169/2011 aims at achieving a high level of health protection for consumers and at guaranteeing their right to information about their food. These general labelling requirements are, in some cases, complemented by specific rules. This is the case for the beef sector with Regulation 1760/2000.

General provisions are given on the mandatory labelling of origin in Article 26 (Chapter IV), which states that ‘identification of the country of origin or the place of provenance of a food should be provided whenever its absence is likely to mislead consumers as to the true country of origin or place of provenance of that product’. The provision specifically refers to Regulation (EC) No 1760/2000 as regards beef and states that it has created ‘consumer expectations’ that should be also applied to other meat products widely consumed in the EU, such as swine, sheep, goat, and poultry meat. These considerations led to the implementation of Regulation (EC) No 1337/2013.

Voluntary labelling rules are defined in Chapter V. It establishes the following general provisions: the information provided should not mislead the consumer, should not be ambiguous or confusing, and should be based on relevant scientific data.

1.2.4 Labelling of other meats

It is relevant to take Regulation No 1337/2013 into account because the related products (other meats) are in direct competition with beef.

Regulation (EC) No 1337/2013 lays down rules for the application of Regulation (EC) No 1169 / 2011 regarding the indication of the country of origin or place of provenance for fresh, chilled and frozen meat of swine, sheep, goats and poultry.

---

8 Regulation (EC) N°178/2002
This Regulation defines specific rules for each kind of meat (swine, sheep, goats and poultry) regarding the labelling of origin. The rules require that labels indicate the country where the animals were raised (‘Reared in’) and the country where they were slaughtered (‘slaughtered in’). The indication of the place of birth is not compulsory, which constitutes a major difference with Regulation (EC) No 1760/2000 for beef.

Indeed, the second recital of Regulation (EC) No 1337/2013 states that ‘consumers require foremost the information on the place where the animal was reared’ and that ‘providing mandatory information on the place of birth of the animal would require the establishment of new traceability systems at farm level’, which would generate non-affordable costs. Regarding slaughter stage, the recital specifies that ‘labelling the place of slaughter can be done at an affordable cost and gives valuable information to the consumer’.

An operator can still decide to use the label ‘Origin’ with the name of the Member State or third country in order to indicate that the animal was born, reared and slaughtered in the country. In that case, the operator must be able to provide control authorities with all the necessary information to prove it.

In cases where the animals have been raised in different countries, the origin will generally refer to the country where the rearing period was the most significant (at least 4 months for swine, 6 months for sheep and goats, 1 month for poultry – Article 5 paragraph 1a and 1b). The labelling should also indicate the batch code identifying the meat.

For minced meat and trimmings, the regulation requires labelling the product as either ‘EU’ or ‘non-EU’ with regard to where the animal from which the meat was obtained was raised and slaughtered. For example, if the meat is exclusively obtained from animals born, reared and slaughtered in the different Member States of the EU, then the indication ‘Origin: EU’ can be applied. If the pieces of meat are produced from animals imported into the Union and slaughtered in the EU, the indication ‘Reared in: non-EU’ and ‘Slaughtered in: EU’ has to be applied.

Regulation (EC) No 1337/2013 is applied since April 2015.

1.2.5 Quality schemes and geographical indications

Regulation (EC) No 1151/2012\(^{10}\) defines the EU framework for the registration of PDO (Protected Designations of Origin), PGI (Protected Geographical Indication) and TSG (Traditional Speciality Guaranteed). These products are under legal protection and subject to compliance with specifications validated at national and European levels. 14 PDOs and 27 PGIs products are registered in the beef sector (according to DOOR\(^{11}\) database):

This regulation precisely describes how designations of origin identify a product (article 5) and how the PDO/PGI products must be labelled, including the Union symbols, the protected names and depictions of the concerned area.

Regulation (EC) No 1760/2000 lays down that rules establishing a system for the identification and registration of bovine animals and regarding the labelling of beef must not affect the Regulation on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. More concretely, this means that provisions on labelling related to both regulations have to be respected.

In case of PGIs, the information on the origin of the products provided by Regulation (EC) No 1760/2000 can in some cases be broader than the information linked to Regulation (EC) No 1151/2012, as geographical areas defined within the framework of PGI schemes can refer to an area where only one of the production steps takes place.

---

\(^{10}\) Regulation (EU) no 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs

\(^{11}\) http://ec.europa.eu/agriculture/quality/door/list.html
1.3 Intervention logic

1.3.1 Initial logic

1.3.1.1 Specific and general objectives

The main objectives of the Regulation are:\(^{12}\):

- to improve the transparency and the conditions for the production and marketing of beef and beef products (recitals 4 and 30);
- to maintain and strengthen consumer trust and confidence in beef (recitals 4 and 7);
- to reinforce the lasting stability of the beef market (recital 7);
- to protect human and animal health (recital 6);
- 'not to impose excessive demands on the producer in terms of administrative formalities' (recital 13).

In addition, it is worth recalling at this point two general objectives of the EU treaties and of the CAP (common agricultural policy): to improve the functioning of the internal market and also to improve the income of bovine breeders\(^ {13}\).

1.3.1.2 General principles

The underlying logic is that the recovery and sustainability of the beef market relies on consumer confidence.

How can this confidence be restored and sustained? The answer provided by the Regulation is, on the one hand, the identification and registration of animals and, on the other hand, final product labelling, which will show consumers that they can safely buy and eat beef. In other words, businesses and authorities guarantee that they know which animal the meat comes from and they believe that will restore and sustain consumer confidence and, thus, beef consumption.

1.3.1.3 Compulsory rules

As consumer confidence had been damaged because of sanitary problems which occurred in specific Member States, it was assumed that its restoration would rely on origin labelling. That is why the labelling of the place of birth, fattening and slaughter is a cornerstone in the labelling rules. This detailed information is supposed to provide transparency for the consumer. Furthermore, origin labelling is easy to understand by consumers. In contrast, a label containing registration numbers for each animal/group of animals, slaughterhouse and cutting plant, provides more detailed information to professionals and auditors (who know precisely where the meat comes from) but may be of limited value for consumers. Thus, through the combination of the two indications (national origin clearly written and technical numbers) the conditions of transparency and confidence are generally assured.

General principles are subject to exceptions and derogations. For this reason, the Regulation introduced derogations in the case of minced meat. In its production, operators usually mix cheap cuts of meat of different origins. Thus, meat batches used to produce minced meat may be constituted from several batches coming from several cutting plants. Furthermore, minced meat plants are often large and the larger the plant, the more difficult it can be to ensure traceability. Thus, the Regulation is supposed to be adapted to the supply chain operators’ constraints.

The Regulation must also not affect products in the beef sector registered as PDO/PGI. Some PDO/PGI specifications may include origin labelling rules that are not in full coherence with the general rules. Differences in the meaning of ‘origin’ may be confusing for consumers.

---

\(^{12}\) The intervention logic diagram (Figure 1) summarises the objectives, the rules to be implemented, the desired outcomes and the expected impacts of Title II, Regulation (EC) No 1760/2000.

\(^{13}\) The impact of the beef labelling rules on human and animal health falls outside the scope of this evaluation, but the functioning of the internal market and trends in breeders’ income are part of the study.
Figure 1 - Intervention logic diagram

OBJECTIVES

SPECIFIC
- To improve transparency in the beef producing and marketing
- To maintain and strengthen consumer confidence in beef
- To reinforce lasting stability of the beef market
- Not to impose excessive demands on the producer in terms of administrative formality
- To protect animal and human health

GENERAL
- Functioning of the internal market
- Producers’ income

RULES

General Principles
- Animal identification and registration
- Labelling
- Control system and penalties

Compulsory Labelling Rules
- Same rules in all the Member States
- ‘labelling of the place of birth, fattening and slaughter’
- ‘meat originated from third countries’
- Derogation for minced meat processors
- Respect of the PDO / PGI Rules

Voluntary Labelling Rules
- Organisation’s name or logo on the label
- Approval of the specifications by the competent authority
- Information to other Member States

OUTPUTS

- Reliable traceability system
- Understandable and clear identification and origin information provided to the consumers
- Affordable cost for supply chain operators

IMPACTS

- Beef market recovery
- Lasting stability of the beef market
- Improved consumer information
1.3.1.4 Voluntary Rules

Two prevailing logics underpin this scheme:

- Some operators and organisations wish to give more information (than the compulsory indications provide for) in order to reinforce consumer confidence;
- During periods of outbreak of crisis it is important to ensure that consumer confidence is not damaged, for instance if an operator labels beef with incorrect information.

That is why voluntary labelling rules rely on a publicly controlled scheme: specifications have to be written by the operators, agreed by competent authorities, registered and controlled by a third party.

1.3.1.5 Outputs

The general principles (animal registration, beef labelling and control system) should provide two general outcomes: a reliable traceability system (i.e. the ability for any operator along the supply chain and for final consumers to know where the merchandise comes from) and sound information to the consumers: identification of the animal/animals and origin information.

The compulsory rules make these outcomes possible and concrete; in addition they take into account the production and economic constraints of the supply chain operators. The outcome of the compulsory rules must also be achieved at an affordable cost. Finally, these rules must also be coherent with all other EU regulations, especially the PGI/PDO rules, which also include origin information.

In addition, the voluntary labelling system helps to produce better information to consumers, to adapt the labelling to the constraints of operators and to comply with general food legislation.

1.3.1.6 Impacts

The first impact had to be recovery followed by a long term stability of the beef market. The improvement of the consumer information is an impact by itself; it creates a better understanding of the producing system by the consumers and gives them a greater ability to choose. Finally, the compliance with other EU regulations has to reinforce the global coherence of the food regulations.

1.3.2 2007 and 2014 amendments

1.3.2.1 Generalising derogations

Regulation (EC) No 1760 / 2000 included an important derogation concerning the preparation of minced meat (see Table 1): compulsory origin information only concerns the country where the minced meat is prepared and the place of slaughtering.

Regulation (EC) No 275/2007 partially extended the derogation applied to minced meat to other activities: producers and users of trimmings, pre-packers and non-pre-packed meat retailers. This means that almost all meat sold through retail channels now falls under the derogation (see Table 1 for details).

This does not change the underlying intervention logic of the beef labelling rules. Products can still be traced from initial to final production stages. But it has adapted the labelling rules to the constraints faced by smaller operators in the supply chain: Regulation (EC) No 275/2007 recitals outline the fact that small and medium sized operators were handicapped by the initial rules.

1.3.2.2 Simplification of the voluntary rules

Regulation (EC) No 635/2014 aimed to give the beef sector the same rules which apply to other food and meat sectors. This was an important change to the underlying intervention logic. Regulation (EC) No 1760/2000 had fixed strict rules for voluntary labelling, including an authorisation procedure and compulsory controls.

Nevertheless, Regulation (EC) No 635/2014 gives the Commission the power to establish ‘definitions and requirements’ applicable to ‘terms and categories’ ‘that may be put on the labels of pre-packed fresh and frozen beef and veal’.

1.4 Potential undesired effects and other possible limits

1.4.1 Extra costs

Extra costs linked to the compulsory or voluntary labelling of beef may have negative consequences on the beef supply and marketing chain. If these extra costs are passed on to consumers through increased retail prices, the consequence may be that the beef will become too expensive for some consumers. If operators (breeders, meat companies, retailers) are unable to persuade final
consumers to pay these extra costs, this could affect the profitability of the whole supply chain, or of a single stage of this chain.

Compulsory and voluntary labelling must be distinguished:

**With regard to compulsory labelling,** the emphasis is placed on traceability. Every stakeholder must know where the meat or carcasses or quarters come from, including being able to identify the animal (or group of animals) from which it comes. Thus, the costs of compulsory labelling are related to traceability at farm and processing stages and technical printing of the compulsory information on the label.

These extra costs could also lead to important changes in how actors in the supply chain organise their day-to-day operations. Being able to label the country of birth, rearing and slaughter of every animal and of animals composing a batch implies flexibility.

Processors working with (i.e. cutting or packaging) meat from different countries must be flexible when managing IT (Information Technology) programs related to labelling. Costs are incurred when an operation switches from working with meat from one country of origin to another (e.g. lower productivity of labour). Operators may have to rethink the whole organisation of their work regarding the origin of the beef at each stage of the animal’s life and regarding the homogeneity of their batches;

Finally, operators must manage batches of meat from different origins (and cannot combine them into a single batch).

**Voluntary labelling** may create extra costs through:

- The control costs;
- The advertising costs;
- The extra cost of beef produced in accordance with voluntary labelling schemes (consumers will pay more for specific characteristics such as race, origin, category, method of production).

The guarantee of origin, in accordance with both compulsory and voluntary labelling schemes, may also increase the cost of producing beef. We observed that the guarantee of origin is often focused on promoting beef sales in domestic markets, as consumers are willing to pay more for beef produced in their Member State e.g. French beef will fetch a higher price in France than beef from other EU countries would. This suggests that national suppliers have a competitive advantage in their Member State and are in position to charge higher prices than other European suppliers. Furthermore, where processors ask breeders to deliver animals reared in accordance with the specifications of a voluntary labelling scheme, this can also push up prices. Meat produced from animals with specific characteristics (such as age and race) could result in higher prices than would be obtained for meat from common bovine animals.

**1.4.2 Consumer confusion**

Labelling is based on providing two kinds of information: text and numbers. It has not been proven that all consumers easily understand the meaning of the numbers; in contrast the word ‘origin’ followed by the name of the country or countries where the production and/or processing phases took place is easy to understand.

Consumer confusion may result from:

- Over-labelling (compulsory + voluntary schemes + brands + logos) can confuse consumers;
- Incoherence between the general rules and specifications of a voluntary scheme could exist. This could particularly be the case for Protected Geographical Indication (PGI) quality schemes, as a PGI product refers to a specific place, region or country where at least one of the production steps took place, which could be different from the origin of beef according to Regulation (EC) No 1760/2000;
- The derogation allowing labels to indicate up to three cutting plants and three slaughterhouses for pre-packed meat may confuse consumers (resulting in up to 7 numbers being included on the label).

---

14 Three slaughterhouses’ numbers, three cutting plants’ numbers, one batch number.
1.4.3 Other possible limits

In case of insufficiency in the implementation of the traceability and labelling rules, the objective of confidence could be missed. If a significant part of consumers consider that information displayed cannot be trusted, the system is partly useless.

Similarly, distortion of competition and fraud should not be underestimated: the price differences between bovine meats correctly traced and labelled and under-traced or incorrectly traced and labelled bovine meat could be very important.

1.5 Implementation of Regulation (EC) n°1760/2000 in Member states

Several reports and audits have been drawn up by the EU since 2002 regarding the implementation of Regulation (EC) n°1760/2000 in Member States:

- 2002: Audit conducted by DG SANTE – Food and Veterinary Office (FVO) in order to evaluate the operation of controls over the traceability and labelling of beef and minced beef;
- 2002: Audit conducted by the European Court of Auditors regarding the organisation of the system for the identification and registration of bovine animals (equivalent to Title I of Regulation (EC) No 1760/2000);
- 2004: Report from the Commission to the Council and the European Parliament regarding the implementation of Title II of Regulation (EC) No 1760/2000;
- 2009-2010: Update of the 2002 audits conducted by DG SANTE (FVO) in order to evaluate the operation of controls over the traceability and labelling of beef and minced beef.

1.5.1 2002 audit by the European Court of Auditors

The European Court of Auditors issued a special report on the organisation of the system for the identification and registration of bovine animals. This followed the obligations to set up an efficient system of identification and registration referring to Regulation (EC) No 820/97 before 31st December 1999. These requirements correspond currently to Title I of Regulation (EC) No 1760/2000 that replaced former Regulation (EC) No 820/97. This audit was conducted in four Member States during the first half of 2002 (Germany, France, Italy and the United Kingdom). It aimed at evaluating the cattle identification and registration system and its four components (ear tags, passports, herd registers, and the computerised database) at Commission level and in the Member States.

Several important points were raised in this report:

- Cattle identification and registration systems still had some weaknesses; the report concluded that ‘the cattle identification and registration system that was designed does not guarantee the traceability of intra-Community or extra-Community cattle movements’, whilst indicating that these movements concerned 4% of the European herd;
- The report pointed out that the systems were not originally designed to fulfil the objectives of traceability. Instead, the systems were set up by the Commission through the reform of the Common Agricultural Policy (CAP) in 1992 to control budgetary expenditure on animal premiums more efficiently;
- The lack of communication and harmonisation between Member States was explained by several factors: legislation did not include procedures for Member States to exchange data on cattle movements, and data formats varied from one Member State to another;
- The control and penalty systems in place were not adapted to the various players involved in the keeping of cattle (traders, assembly centres, or slaughterhouses). Control practices also varied greatly from one Member State to another.

Regarding the report of the European Court of Auditors, the following points are relevant for the purposes of this evaluation study:

- The requirement to label beef with its national origin relies on the full implementation of Title I of Regulation (EC) No 1760/2000 in each Member State.
- Recommendations by the Court to improve individual cattle identification systems may have been taken into account.

The report recommended that:

- Adequate resources should be given to the Commission to draw up standardised management rules, quality indicators, and a format for the exchange of data between national databases. In order to retain control over intra-Community and extra-Community
movements, the exchange of data between Member States and with third countries should be organised.

- Administrative checks and spot checks should be optimised through cross-checks to be carried out between the identification and registration database and the Integrated Administrative and Control System (IACS) database used for the control of premiums and CAP public expenditure.

1.5.2 Audit led by DG SANTE

Regarding audits conducted by DG SANTE – Food and Veterinary Office, it was intended to evaluate the operation of controls over the traceability and labelling of beef and minced beef. The first one took place in 2002 and concerned all the Member States of the EU-15. The audit was updated between 2009 and 2011. It covered seven Member States, including Poland, France, Ireland, the United Kingdom, and Germany. Belgium and Lithuania were also audited.

1.5.2.1 2002 audit by DG SANTE

The first report based on audits realised in 2002 established that:

- Nearly all Member States had fully transposed and/or implemented the relevant legislation. However some national authorities exempted some parts of the meat processing and distribution chain from certain requirements of the Community legislation, meaning, according to the report, that there were inconsistencies in the application of the legislation between the Member States.

- All Member States had official control services in place, but the report pointed to some difficulties in ensuring the coordination of the various national services involved. This had the potential to produce a negative impact on the effectiveness of the traceability systems.

- Weaknesses were identified in the day-to-day monitoring of the databases, leading to calls for Community-wide guidance on the usage of these databases.

- Traceability of meat from the slaughterhouse to the farm of origin of the animal was largely satisfactory. However, this was not the case regarding the later stages of the production chain, from wholesale cutting and processing establishments through to the storage, distribution and retail stages, where it was often not possible to trace with a sufficient level of certainty the movement and origin of the meat. The report concluded that there was a clear need for national control systems to be improved.

1.5.2.2 2009/2011 Audits by DG SANTE

An update of these audits was conducted between 2009 and 2011 by FVO in seven Member States. It showed some improvements since the first series of audits:

- The audited Member States have procedures and systems in place for the registration of holdings, the identification and registration of bovine animals, and for controls of these systems. Traceability systems were in place in most establishments visited,

- Significant improvements were noted regarding the registration of movements of bovine animals and for the implementation of compulsory labelling of beef and minced beef.

However, this work pointed to some remaining weaknesses:

- The operation of computerised databases was better monitored, but deficiencies remained in places where animals were gathered such as dealers’ premises, markets and assembly centres. The most common cases of noncompliance concerned Directive 64/432/EEC regarding animal health problems affecting intra-Community trade in bovine animals and swine that set up the compulsory establishment of computerised databases.

- Regarding the identification and registration of bovine animals, the registration of the movements of bovine animals remains difficult.

- Traceability systems showed some shortfalls as the registration system in place in several Member States was not comprehensive (missing links) and could not trace beef or minced meat back to the holding of origin of the animal or group of animals with any confidence, which jeopardized the traceability system in place.

- Regarding the compulsory EU beef labelling system, the cases of non-compliance were not widespread but concerned a few individual establishments. Weaknesses were identified in the control and application of voluntary labelling systems in most Member States, except for France where voluntary labelling was implemented in compliance with the regulatory
requirements. Shortfalls noted in the report mostly dealt with the evaluation of specifications and controls.

These audits show that the implementation of Regulation (EC) No 1760/2000 has improved since the beginning of the 2000s. However some shortfalls remain in the identification and bovine animals’ movements that must be registered, and in the labelling of beef and beef products, in particular in case of voluntary labelling systems.

1.5.3 2004 Evaluation of title II of Regulation (EC) No 1760/2000

In 2004, the Commission submitted a report to the Council and the European Parliament which evaluated the implementation of Title II of Regulation (EC) No 1760/2000 establishing a system for identification and registration of bovine animals and regarding the labelling of beef and beef products. This report was designed to serve as a basis for a debate in the Council and European Parliament with the possibility, if needed, to amend the legislation currently in force.

The Commission first noted that consumer confidence and beef consumption had been restored to the levels last seen before the second BSE crisis in October 2000, partly through the implementation of beef traceability and origin labelling rules. The rules have led, however, to a certain ‘renationalisation’ of the trade in beef, in particular for beef products sold directly to final consumers.

Consequently, the Commission concluded that the possibility of labelling beef as being of EU origin rather than by national origin was worth looking into. This would be limited to establishments that prepared cuts of beef intended directly for final consumers. Under such a scheme, the operators would be free to decide whether to label products as being of national or EU origin, depending on the preferences of the consumers and the distribution sector.

In this report, the Commission also pointed to the need for simplification and harmonisation of the compulsory labelling scheme in order to improve the implementation of traceability and origin labelling by operators. Indeed, it seems that when the evaluation was carried out, some operators in the beef sector had difficulties applying a number of Community rules. These problems mainly concerned the requirements regarding homogeneity in batches of beef at secondary cutting plants, traceability and labelling of off-cuts, supplies to minced beef plants, and consumer information on beef products marketed in non-pre-packaged form.

As a conclusion, the Commission proposed to resolve the following implementation problems under the management committee procedure:

- Permit beef from more than one primary cutting plant to be combined in the same batch as secondary cuts,
- Adopt simplified measures for labelling off-cuts and beef products sold in non-pre-packaged form,
- Facilitate the mutual recognition of the specifications approved by the competent national and regional authorities under the voluntary labelling scheme.

The consequences of the presentation of this report to the Council and to the European Parliament were the amendment in 2007 of Regulation (EC) No 1825/2000 by Regulation (EC) No 275/2007 that took up some of the recommendations made by the Commission.
1.6 Main findings

Our analysis of the legal framework leads us to highlight the following points:

- The main objective of Regulation (EC) No 1760/2000 was to restore and maintain consumer confidence in the European beef production, with the aim of returning the European beef consumption to the levels recorded before the first BSE crisis. This objective relied on two principles: the identification and registration of bovine animals upstream from the sector and the setting-up of labelling systems for beef and beef products downstream.

- All these requirements have considerably changed the day-to-day labour organisation of operators along the supply chain. Audits and assessments of the implementation of the Regulation in the Member States showed the effectiveness of these systems. However, some shortcomings remain, either upstream or downstream in the supply chain.

- In 2002 and 2011, rules establishing a high level of health protection for consumers and guaranteeing their right to information about their food were also implemented (Regulation (EC) No 178/2002 and Regulation (EC) No 1169/2011). As far as beef is concerned, complementary specific rules apply in compliance with Regulation (EC) No 1760/2000.

- With regard to other meats, brand new rules shall apply from April 2015 for swine, sheep, goats and poultry. They deal with the indication of the country of origin or place of provenance for fresh, chilled and frozen meat. The rules require that labels indicate the country where the animals were raised and slaughtered, but do not require operators to indicate the country of birth. The cost-benefit analysis conducted in impact assessment studies have shown that it was not necessary to label the country of birth, as this would mean higher costs for breeders while consumers do not expect this type of information. For minced meat and trimmings made with swine, sheep, goats and poultry, the regulation requires operators to label the product as either 'EU' or 'non-EU' origin.

- Thus, we can say that beef labelling rules stand apart from other meat labelling rules, which are most often less stringent. It is currently forbidden for beef batches to be prepared from beef with several countries of origin (except for particular cases of beef trimmings) whereas this is allowed for other meats (bearing origin labelling such as 'EU' or 'non-EU'). Moreover, beef labelling rules include the compulsory indication of the country of birth, which was not included in labelling rules for other meats.

- However, the last amendment to Regulation (EC) No 1760/2000 in 2014 tended to bring back beef to 'mainstream foodstuffs' with regard to voluntary labelling requirements. According to this amendment voluntary labelling schemes for beef no longer need to be authorised by Member States’ competent authorities and no longer need to be controlled by independent control bodies.

- The legal framework was gradually adapted to the constraints faced by stakeholders, especially those at processing stage. Regulation (EC) No 1760/2000 already provides derogation to the labelling rules for minced meat. Regulation (EC) No 275/2007 gives a more precise definition of ‘group of animals’ by allowing sourcing from up to three slaughterhouses or cutting-plants in the constitution of batches, which was more in line with the operators’ reality. The modification of the rules for the constitution of batches implies modifications in the labelling of trimmings and pre-packaged cut beef. With regard to non-pre-packaged cut beef, the meat may come from various batches, as in the case of pre-packaged cut meat the labelling rules are extensively detailed. The retailers must clearly separate the cuts according to their origins and be able to indicate the approval numbers of the slaughterhouse and the cutting plant if the consumer so requests.

---


2 The beef market chain

2.1 Overview of the beef industry

The beef industry is an important part of the European agriculture and agro-food industry. It can be briefly described through several indicators, put together in a scheme presenting the marketing chain.

Figure 2 - The EU beef marketing chain

Sources:
(1) DG AGRI annual report 2013
(2) Eurostat New Cronos/DG AGRI – Beef and veal market situation / single CMO committee, January 2015
(3) Eurostat - series: sbs_na_ind_r2
(4) Eurostat - series: appro_mt_pan
(5) DG AGRI – Short term outlook for arable crops, meat and dairy / winter 2014.
N.B.: All data concerns EU-28 except farm holdings: EU-27.

T cwe: tonne carcass weight equivalent

With 1.2 million breeding farms (including dairy farms) and 313,000 employees in the slaughtering industry (including the pig meat industry), one can estimate that the beef marketing chain provides approximately one million direct jobs in the EU-28 (retailing industry not taken into account).

Jobs can be detailed as follows:

- Jobs are mainly located in France (52,824), Poland (51,875) Spain (34,739), Germany (26,903), Italy (22,940), the United Kingdom (17,703). These six Member States account for 68% of the jobs in the meat industry.
- According to Eurostat data, the number of jobs has been fluctuating in recent years; stability has been maintained on the middle term.
- The number of jobs in the breeding industry has been declining in the meantime; less farms, more productivity lead to jobs cuts, in a long term horizon.
2.2 Livestock breeding

In 2013, the EU-28 bovine livestock herd numbered 87.6 million animals, out of which 40% were cows. Two thirds of the cow herd were dairy cows and the other third was constituted of suckler cows. Seven Member States account for 75% of the total herd (France, Germany, the United Kingdom, Spain, Poland, Italy and Ireland).

Table 2 – Bovine livestock and production in the EU-28 (2013)

<table>
<thead>
<tr>
<th>Bovine livestock (1,000 heads)</th>
<th>Slaughtering in slaughterhouses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Live bovine animals</td>
<td>Cows</td>
</tr>
<tr>
<td>EU-28</td>
<td>87,619</td>
</tr>
<tr>
<td>EU-27</td>
<td>87,177</td>
</tr>
<tr>
<td>EU-25</td>
<td>84,569</td>
</tr>
<tr>
<td>EU-15</td>
<td>74,493</td>
</tr>
<tr>
<td>FR</td>
<td>19,129</td>
</tr>
<tr>
<td>DE</td>
<td>12,686</td>
</tr>
<tr>
<td>IT</td>
<td>6,249</td>
</tr>
<tr>
<td>UK</td>
<td>9,682</td>
</tr>
<tr>
<td>ES</td>
<td>5,697</td>
</tr>
<tr>
<td>IE</td>
<td>6,309</td>
</tr>
<tr>
<td>NL</td>
<td>4,090</td>
</tr>
<tr>
<td>PL</td>
<td>5,590</td>
</tr>
<tr>
<td>BE</td>
<td>2,441</td>
</tr>
<tr>
<td>AT</td>
<td>1,958</td>
</tr>
<tr>
<td>SE</td>
<td>1,444</td>
</tr>
<tr>
<td>DK</td>
<td>1,583</td>
</tr>
<tr>
<td>PT</td>
<td>1,471</td>
</tr>
<tr>
<td>FI</td>
<td>903</td>
</tr>
<tr>
<td>CZ</td>
<td>1,332</td>
</tr>
<tr>
<td>EL</td>
<td>653</td>
</tr>
<tr>
<td>HR</td>
<td>442</td>
</tr>
<tr>
<td>LT</td>
<td>714</td>
</tr>
<tr>
<td>SI</td>
<td>461</td>
</tr>
<tr>
<td>RO</td>
<td>2,022</td>
</tr>
<tr>
<td>HU</td>
<td>772</td>
</tr>
<tr>
<td>LV</td>
<td>406</td>
</tr>
<tr>
<td>SK</td>
<td>468</td>
</tr>
<tr>
<td>EE</td>
<td>261</td>
</tr>
<tr>
<td>LU</td>
<td>198</td>
</tr>
<tr>
<td>BG</td>
<td>586</td>
</tr>
<tr>
<td>CY</td>
<td>57</td>
</tr>
<tr>
<td>MT</td>
<td>15</td>
</tr>
<tr>
<td>% EU-28</td>
<td>75%</td>
</tr>
<tr>
<td>7 NCS' MS</td>
<td>65,342</td>
</tr>
</tbody>
</table>

Source: Eurostat, Cattle population - annual data [apro_mt_lscatl] and Slaughtering in slaughterhouses - annual data [apro_mt_pann] - (NB- 7 NCS’MS: seven Member States where a National Case Study will be done (highlighted in blue in the table)

The EU-28 net production of beef and veal totalled 25.3 million heads, or 7.3 million tonnes carcass weight equivalent (cwe). Eight Member States accounted for 83% of the production: France, Germany, Italy, the United Kingdom, Spain, Ireland, the Netherlands (with nearly 60% of Dutch production consisting of veal and meat from young cattle) and Poland.
The seven Member States to be analysed in this study through national case studies totalled: 75% of the total herd, 73% of the cows (that is to say 69% of the dairy cows and 81% of the non-dairy cows), and 75% of the animal slaughtered.

The following chapters will deal with production volumes and prices recorded for the EU as a whole, and for seven Member States accounting for 78% of the beef and veal production (France, Germany, Italy, the United Kingdom, Spain, Ireland and Poland).

2.3 Slaughtering

According to Eurostat figures, the beef and veal net production decreased by 12% in the EU-28 between 2000 and 2013. The EU-15 beef and veal production was down 16% from 1995 to 2013.

Only Spain and Ireland experienced an increase in production over the period. The increase actually took place until 1999 for Ireland and until 2005 for Spain, driven essentially by the increase of their suckler herd. Polish production rose from 2005 to 2011, but it has been decreasing since then. This evolution can be explained by the fluctuations in commercial opportunities in the EU market, as a large part of the Polish production is shipped to other Member States.

---


This breakdown from 1992 to 2002 follows the main events i.e. BSE crises and adoption of the regulations. As a reminder the first BSE crisis began in March 1996 and lasted until the end of that year, Regulation (EC) No 820/1997 was adopted in April 1997, the second BSE crisis began in November 2000 and lasted until August 2001, Regulation (EC) No 1760/2000 was adopted in July 2000 and Regulation (EC) 1825/2000 in August 2000 (that is to say just before the second crisis). Since then, there has been no such sanitary crisis. Therefore we have divided this period into two: before and after the adoption of Regulation (EC) No 275/2007.

To facilitate the reading of the analyses, we have adopted the following writing rules:

<table>
<thead>
<tr>
<th>Period</th>
<th>Tables</th>
<th>Charts</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-199617</td>
<td>P1 before the crises (92-96)</td>
<td>Period 1</td>
<td>Period 1 (before the BSE crisis)</td>
</tr>
<tr>
<td>1996</td>
<td>1st BSE crisis (96)</td>
<td>BSE 1</td>
<td>1st BSE crisis</td>
</tr>
<tr>
<td>1997-1999</td>
<td>P2 between crises (97-99)</td>
<td>Period 2</td>
<td>Period 2 (between the crises)</td>
</tr>
<tr>
<td>2000-2001</td>
<td>2nd BSE crisis (00-01)</td>
<td>BSE 2</td>
<td>Second BSE crisis</td>
</tr>
<tr>
<td>2002-2007</td>
<td>P3 post crises (02-07)</td>
<td>Period 3</td>
<td>Period 3 (post crises)</td>
</tr>
<tr>
<td>2008-2013</td>
<td>P4 recent times (08-13)</td>
<td>Period 4</td>
<td>Period 4 (recent times)</td>
</tr>
</tbody>
</table>

18 The continued decline of the dairy herd due to milk quotas and the improvement of the cows’ productivity can explain this trend.
### Table 3 – Slaughtering of bovine animals (1000 tonnes cwe)

<table>
<thead>
<tr>
<th>Year</th>
<th>DE</th>
<th>IE</th>
<th>ES</th>
<th>FR</th>
<th>IT</th>
<th>UK</th>
<th>EU-15</th>
<th>PL</th>
<th>EU-28</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>1,829</td>
<td>568</td>
<td>535</td>
<td>1,877</td>
<td>1,218</td>
<td>960</td>
<td>8,840</td>
<td>:</td>
<td>:</td>
</tr>
<tr>
<td>1993</td>
<td>1,604</td>
<td>528</td>
<td>485</td>
<td>1,704</td>
<td>1,188</td>
<td>859</td>
<td>8,185</td>
<td>:</td>
<td>:</td>
</tr>
<tr>
<td>1994</td>
<td>1,420</td>
<td>448</td>
<td>472</td>
<td>1,627</td>
<td>1,173</td>
<td>916</td>
<td>7,815</td>
<td>:</td>
<td>:</td>
</tr>
<tr>
<td>1995</td>
<td>1,408</td>
<td>481</td>
<td>508</td>
<td>1,683</td>
<td>1,181</td>
<td>974</td>
<td>7,966</td>
<td>:</td>
<td>:</td>
</tr>
<tr>
<td>1996</td>
<td>1,482</td>
<td>538</td>
<td>565</td>
<td>1,735</td>
<td>1,182</td>
<td>702</td>
<td>7,954</td>
<td>:</td>
<td>:</td>
</tr>
<tr>
<td>1997</td>
<td>1,448</td>
<td>570</td>
<td>592</td>
<td>1,718</td>
<td>1,160</td>
<td>696</td>
<td>7,889</td>
<td>:</td>
<td>:</td>
</tr>
<tr>
<td>1998</td>
<td>1,366</td>
<td>595</td>
<td>651</td>
<td>1,630</td>
<td>1,113</td>
<td>705</td>
<td>7,651</td>
<td>:</td>
<td>:</td>
</tr>
<tr>
<td>1999</td>
<td>1,374</td>
<td>644</td>
<td>678</td>
<td>1,609</td>
<td>1,164</td>
<td>678</td>
<td>7,691</td>
<td>:</td>
<td>:</td>
</tr>
<tr>
<td>2000</td>
<td>1,304</td>
<td>577</td>
<td>632</td>
<td>1,528</td>
<td>1,154</td>
<td>707</td>
<td>7,416</td>
<td>:</td>
<td>8,370</td>
</tr>
<tr>
<td>2001</td>
<td>1,361</td>
<td>540</td>
<td>676</td>
<td>1,640</td>
<td>1,134</td>
<td>692</td>
<td>7,466</td>
<td>:</td>
<td>8,304</td>
</tr>
<tr>
<td>2002</td>
<td>1,226</td>
<td>568</td>
<td>703</td>
<td>1,632</td>
<td>1,128</td>
<td>697</td>
<td>7,361</td>
<td>321</td>
<td>8,286</td>
</tr>
<tr>
<td>2003</td>
<td>1,263</td>
<td>563</td>
<td>714</td>
<td>1,580</td>
<td>1,151</td>
<td>731</td>
<td>7,270</td>
<td>298</td>
<td>8,372</td>
</tr>
<tr>
<td>2004</td>
<td>1,167</td>
<td>546</td>
<td>715</td>
<td>1,554</td>
<td>1,114</td>
<td>762</td>
<td>7,270</td>
<td>298</td>
<td>8,156</td>
</tr>
<tr>
<td>2005</td>
<td>1,193</td>
<td>572</td>
<td>670</td>
<td>1,510</td>
<td>1,111</td>
<td>847</td>
<td>7,299</td>
<td>355</td>
<td>8,210</td>
</tr>
<tr>
<td>2006</td>
<td>1,185</td>
<td>581</td>
<td>643</td>
<td>1,532</td>
<td>1,127</td>
<td>882</td>
<td>7,334</td>
<td>365</td>
<td>8,275</td>
</tr>
<tr>
<td>2007</td>
<td>1,210</td>
<td>537</td>
<td>658</td>
<td>1,518</td>
<td>1,059</td>
<td>862</td>
<td>7,227</td>
<td>382</td>
<td>8,154</td>
</tr>
<tr>
<td>2008</td>
<td>1,174</td>
<td>514</td>
<td>598</td>
<td>1,467</td>
<td>1,055</td>
<td>850</td>
<td>7,066</td>
<td>385</td>
<td>7,980</td>
</tr>
<tr>
<td>2009</td>
<td>1,187</td>
<td>559</td>
<td>607</td>
<td>1,521</td>
<td>1,075</td>
<td>924</td>
<td>7,273</td>
<td>386</td>
<td>8,113</td>
</tr>
<tr>
<td>2010</td>
<td>1,159</td>
<td>547</td>
<td>604</td>
<td>1,559</td>
<td>1,009</td>
<td>936</td>
<td>7,216</td>
<td>380</td>
<td>8,052</td>
</tr>
<tr>
<td>2011</td>
<td>1,140</td>
<td>495</td>
<td>591</td>
<td>1,477</td>
<td>981</td>
<td>883</td>
<td>6,923</td>
<td>371</td>
<td>7,708</td>
</tr>
<tr>
<td>2012</td>
<td>1,106</td>
<td>518</td>
<td>581</td>
<td>1,408</td>
<td>855</td>
<td>848</td>
<td>6,655</td>
<td>339</td>
<td>7,389</td>
</tr>
</tbody>
</table>


2.4 Consumption

Consumption changes can be analysed through per-capita consumption or through total consumption (per-capita consumption multiplied by the number of inhabitants).

It is important to note that per capita consumption varies greatly from one Member State to another as shown in Table 4. In Poland and, to a lesser extent, in Spain and Germany, people consume much less beef than pork and consumption levels for beef are low. Beef consumption is higher in France, Italy, the United Kingdom and Ireland.

Per capita consumption of bovine meat slowly declined in the 1990s. It dropped by 5% between Period 1 (before the BSE crisis) and Period 2 (between the crises). It then remained relatively stable until 2007: it showed no significant change in Period 3 (post crises) compared to Period 2 (between the crises). The increase in the EU population explains the rise in total consumption between these two periods (+3%). The closure of third country markets to European beef and the associated drop in intra and extra-EU trade enabled this rise in total consumption to occur, while production was declining. The trend reversed in 2008, when the economic crisis started and when the Brazilian beef imports dropped. Per capita consumption fell by 7% in the EU-28 and by 12% in the EU-15 in

---

19 This fall in Brazilian beef imports is due to the reinforcement of the European requirements in terms of traceability. When the EU imposed these requirements on Brazil; only 412 Brazilian cattle farms were deemed eligible to sell to the EU, compared to around 10,000 prior to these requirements being introduced.
Period 4 (recent times) compared to Period 3 (post crises). The slump in consumption has been more
important in countries more severely affected by the economic crisis (Italy: -9% and Spain: -16%).
The drop in Poland (-15%) is primarily due to a choice by Polish operators to turn to intra and extra-
EU export markets (Italy, Germany, Turkey...) which are more profitable than the domestic market.
Furthermore, the sharp fall of Brazilian beef imports into the EU since 2008 (according to Eurostat:
176,000 tonnes cwe in 2008 vs 371,400 tonnes cwe in 2007) may partly explain the decrease in
beef availability on the market.

In 1996, per capita consumption in the United Kingdom dropped by 10% compared to the year
before, due to the first BSE crisis and the removal of cattle over 30 months old from the food chain.
In 2000-2001, following the second BSE crisis, consumption decreased by 5% in the EU-15 compared
to Period 2 (between the crises), with a sharp drop in Germany (-20%).

The nature of the beef consumed has changed over the period. In particular, the share of minced
meat has increased a lot in several countries, in particular in France and the United Kingdom.

Table 4 – Per capita consumption of beef and veal (kg cwe)

<table>
<thead>
<tr>
<th></th>
<th>DE</th>
<th>IE</th>
<th>ES</th>
<th>FR</th>
<th>IT</th>
<th>UK</th>
<th>PL</th>
<th>EU-15</th>
<th>EU-28</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>19.9</td>
<td>17.0</td>
<td>13.0</td>
<td>29.2</td>
<td>25.2</td>
<td>19.7</td>
<td>-</td>
<td>21.5</td>
<td>-</td>
</tr>
<tr>
<td>1993</td>
<td>19.3</td>
<td>16.9</td>
<td>12.7</td>
<td>28.1</td>
<td>25.6</td>
<td>17.5</td>
<td>-</td>
<td>20.9</td>
<td>-</td>
</tr>
<tr>
<td>1994</td>
<td>17.6</td>
<td>15.7</td>
<td>12.4</td>
<td>26.9</td>
<td>26.0</td>
<td>18.3</td>
<td>-</td>
<td>20.4</td>
<td>-</td>
</tr>
<tr>
<td>1995</td>
<td>16.7</td>
<td>14.5</td>
<td>12.5</td>
<td>27.5</td>
<td>26.0</td>
<td>17.8</td>
<td>-</td>
<td>20.1</td>
<td>-</td>
</tr>
<tr>
<td>1996</td>
<td>15.3</td>
<td>13.1</td>
<td>12.5</td>
<td>25.7</td>
<td>23.9</td>
<td>14.4</td>
<td>-</td>
<td>18.7</td>
<td>-</td>
</tr>
<tr>
<td>1997</td>
<td>14.8</td>
<td>16.9</td>
<td>13.4</td>
<td>26.2</td>
<td>24.4</td>
<td>16.8</td>
<td>-</td>
<td>19.1</td>
<td>-</td>
</tr>
<tr>
<td>1998</td>
<td>15.3</td>
<td>15.0</td>
<td>13.4</td>
<td>27.0</td>
<td>25.2</td>
<td>17.7</td>
<td>-</td>
<td>19.9</td>
<td>-</td>
</tr>
<tr>
<td>1999</td>
<td>15.1</td>
<td>17.3</td>
<td>15.8</td>
<td>27.2</td>
<td>25.8</td>
<td>17.4</td>
<td>-</td>
<td>20.0</td>
<td>-</td>
</tr>
<tr>
<td>2000</td>
<td>14.0</td>
<td>16.6</td>
<td>15.2</td>
<td>26.0</td>
<td>24.9</td>
<td>17.5</td>
<td>-</td>
<td>19.2</td>
<td>16.8</td>
</tr>
<tr>
<td>2001</td>
<td>10.0</td>
<td>17.5</td>
<td>13.1</td>
<td>25.2</td>
<td>23.1</td>
<td>18.9</td>
<td>5.5</td>
<td>18.0</td>
<td>16.4</td>
</tr>
<tr>
<td>2002</td>
<td>12.0</td>
<td>18.0</td>
<td>16.0</td>
<td>27.8</td>
<td>24.7</td>
<td>20.4</td>
<td>5.2</td>
<td>19.8</td>
<td>16.8</td>
</tr>
<tr>
<td>2003</td>
<td>12.8</td>
<td>21.0</td>
<td>14.9</td>
<td>27.2</td>
<td>24.8</td>
<td>20.8</td>
<td>5.8</td>
<td>19.9</td>
<td>17.1</td>
</tr>
<tr>
<td>2004</td>
<td>12.6</td>
<td>21.7</td>
<td>15.7</td>
<td>26.7</td>
<td>24.4</td>
<td>19.8</td>
<td>5.2</td>
<td>19.7</td>
<td>17.5</td>
</tr>
<tr>
<td>2005</td>
<td>12.1</td>
<td>21.3</td>
<td>15.5</td>
<td>26.7</td>
<td>24.1</td>
<td>20.6</td>
<td>3.9</td>
<td>19.4</td>
<td>17.3</td>
</tr>
<tr>
<td>2006</td>
<td>12.1</td>
<td>20.9</td>
<td>15.1</td>
<td>26.2</td>
<td>25.4</td>
<td>20.5</td>
<td>4.2</td>
<td>19.6</td>
<td>17.4</td>
</tr>
<tr>
<td>2007</td>
<td>12.4</td>
<td>20.7</td>
<td>15.4</td>
<td>26.4</td>
<td>25.2</td>
<td>20.7</td>
<td>4.9</td>
<td>19.5</td>
<td>17.4</td>
</tr>
<tr>
<td>2008</td>
<td>12.2</td>
<td>20.3</td>
<td>13.8</td>
<td>25.9</td>
<td>23.5</td>
<td>20.3</td>
<td>3.8</td>
<td>18.6</td>
<td>16.7</td>
</tr>
<tr>
<td>2009</td>
<td>12.4</td>
<td>19.7</td>
<td>13.4</td>
<td>25.5</td>
<td>23.7</td>
<td>18.4</td>
<td>4.4</td>
<td>17.8</td>
<td>16.5</td>
</tr>
<tr>
<td>2010</td>
<td>12.7</td>
<td>20.3</td>
<td>13.2</td>
<td>25.9</td>
<td>23.5</td>
<td>19.1</td>
<td>4.1</td>
<td>17.8</td>
<td>16.3</td>
</tr>
<tr>
<td>2011</td>
<td>13.1</td>
<td>20.2</td>
<td>12.7</td>
<td>25.0</td>
<td>22.0</td>
<td>18.3</td>
<td>4.2</td>
<td>16.1</td>
<td>15.9</td>
</tr>
<tr>
<td>2012</td>
<td>13.0</td>
<td>19.5</td>
<td>12.5</td>
<td>25.0</td>
<td>22.3</td>
<td>18.3</td>
<td>4.2</td>
<td>16.8</td>
<td>15.4</td>
</tr>
<tr>
<td>2013</td>
<td>12.9</td>
<td>19.0</td>
<td>12.2</td>
<td>24.1</td>
<td>21.0</td>
<td>17.6</td>
<td>4.2</td>
<td>16.2</td>
<td>14.9</td>
</tr>
</tbody>
</table>

P1 before the crises (92-96) | 18.4 | 16.0 | 12.7 | 27.9 | 25.7 | 18.3 | ns | 20.7  | ns    |
P2 between crises (97-99)    | 15.1 | 16.4 | 14.2 | 26.8 | 25.1 | 17.3 | ns | 19.7  | ns    |
P3 post crises (02-07)       | 12.4 | 20.6 | 15.4 | 26.8 | 24.8 | 20.5 | 4.9 | 19.7  | 17.2  |
P4 recent times (08-13)      | 12.7 | 19.8 | 13.0 | 25.2 | 22.7 | 18.6 | 4.1 | 17.2  | 16.0  |

Evolution P2/P1 18% 2% 12% -4% -2% ns ns -5% ns
Evolution P3/P2 18% 26% 9% 0% -1% ns ns 0% ns
Evolution P4/P3 3% -4% 16% -6% -9% -9% -15% -12% -7%
Evolution 1st BSE crisis / P1 -17% -19% -1% -8% -7% -21% ns -10% ns
Evolution 2nd BSE Crisis / P2 -20% 4% 0% -5% -5% 5% ns -5% ns

Source: FranceAgriMer / AMI from DG AGRI and Eurostat
Table 5 – Consumption of beef and veal (1000 tonnes cwe)

<table>
<thead>
<tr>
<th></th>
<th>DE</th>
<th>IE</th>
<th>ES</th>
<th>FR</th>
<th>IT</th>
<th>UK</th>
<th>PL</th>
<th>EU-15</th>
<th>EU-28</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>1,586</td>
<td>60</td>
<td>507</td>
<td>1,704</td>
<td>1,430</td>
<td>1,129</td>
<td>7,876</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>1,552</td>
<td>60</td>
<td>497</td>
<td>1,645</td>
<td>1,455</td>
<td>1,006</td>
<td>7,686</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>1,426</td>
<td>56</td>
<td>487</td>
<td>1,582</td>
<td>1,480</td>
<td>1,055</td>
<td>7,541</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>1,358</td>
<td>52</td>
<td>491</td>
<td>1,625</td>
<td>1,480</td>
<td>1,026</td>
<td>7,446</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>1,248</td>
<td>47</td>
<td>492</td>
<td>1,527</td>
<td>1,356</td>
<td>833</td>
<td>6,957</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>1,208</td>
<td>61</td>
<td>528</td>
<td>1,561</td>
<td>1,388</td>
<td>978</td>
<td>7,138</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>1,251</td>
<td>55</td>
<td>530</td>
<td>1,610</td>
<td>1,435</td>
<td>1,032</td>
<td>7,438</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>1,243</td>
<td>64</td>
<td>625</td>
<td>1,632</td>
<td>1,467</td>
<td>1,018</td>
<td>7,496</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>1,148</td>
<td>62</td>
<td>605</td>
<td>1,562</td>
<td>1,418</td>
<td>1,025</td>
<td>7,218</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>818</td>
<td>66</td>
<td>523</td>
<td>1,527</td>
<td>1,315</td>
<td>1,113</td>
<td>211</td>
<td>6,784</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>988</td>
<td>69</td>
<td>646</td>
<td>1,695</td>
<td>1,408</td>
<td>1,204</td>
<td>199</td>
<td>7,493</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>1,057</td>
<td>82</td>
<td>613</td>
<td>1,670</td>
<td>1,416</td>
<td>1,235</td>
<td>221</td>
<td>7,562</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>1,044</td>
<td>86</td>
<td>655</td>
<td>1,650</td>
<td>1,396</td>
<td>1,179</td>
<td>200</td>
<td>7,528</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>1,000</td>
<td>86</td>
<td>660</td>
<td>1,664</td>
<td>1,385</td>
<td>1,230</td>
<td>150</td>
<td>7,489</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>998</td>
<td>86</td>
<td>655</td>
<td>1,644</td>
<td>1,471</td>
<td>1,236</td>
<td>160</td>
<td>7,610</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>1,026</td>
<td>87</td>
<td>678</td>
<td>1,670</td>
<td>1,462</td>
<td>1,252</td>
<td>186</td>
<td>7,610</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>1,007</td>
<td>88</td>
<td>619</td>
<td>1,647</td>
<td>1,370</td>
<td>1,237</td>
<td>145</td>
<td>7,581</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>1,023</td>
<td>88</td>
<td>613</td>
<td>1,634</td>
<td>1,390</td>
<td>1,133</td>
<td>167</td>
<td>7,508</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>1,045</td>
<td>92</td>
<td>609</td>
<td>1,667</td>
<td>1,385</td>
<td>1,186</td>
<td>155</td>
<td>7,506</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>1,075</td>
<td>92</td>
<td>591</td>
<td>1,615</td>
<td>1,303</td>
<td>1,142</td>
<td>159</td>
<td>6,384</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>1,066</td>
<td>89</td>
<td>584</td>
<td>1,625</td>
<td>1,322</td>
<td>1,152</td>
<td>163</td>
<td>6,716</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>1,052</td>
<td>87</td>
<td>570</td>
<td>1,576</td>
<td>1,247</td>
<td>1,116</td>
<td>161</td>
<td>6,501</td>
<td></td>
</tr>
</tbody>
</table>

P1 before the crises (92-96) | 1,481 | 57  | 496 | 1,639 | 1,461 | 1,054 | ns  | 7,637 | ns  |
P2 between crises (97-99)   | 1,234 | 57  | 561 | 1,601 | 1,430 | 1,009 | ns  | 7,357 | ns  |
P3 post crises (02-07)      | 1,019 | 83  | 651 | 1,666 | 1,423 | 1,223 | 186  | 7,549 | 8,485 |
P4 recent times (08-13)      | 1,045 | 89  | 598 | 1,627 | 1,336 | 1,161 | 158  | 6,827 | 8,016 |
Evolution P2/P1  | -17% | 5%  | 13% | -2%  | -2%  | ns  | ns  | -4%  | ns  |
Evolution P3/P2  | -17% | 38% | 16% | 4%   | 0%   | ns  | ns  | 3%   | ns  |
Evolution P4/P3  | 3%   | 8%  | -8% | -2%  | -6%  | -5% | 15% | -10% | -6% |
Evolution 1st BSE crisis / P1 | -16% | -   | -1% | -7%  | -7%  | -21% | ns  | -9%  | ns  |
Evolution 2nd BSE Crisis / P2 | -20% | 7%  | 1%  | -4%  | -4%  | 6%  | ns  | -5%  | ns  |

Sources: FranceAgriMer / AMI from DG AGRI and Eurostat
2.5 Prices

2.5.1 Live animal prices

Prices paid to producers in the EU are monthly registered in all Member States. Data is centralised by the DG AGRI services.

Hereunder are the annual series for the most representative cattle categories in the seven analysed Member States. Comments are about the changes between the different periods.

Table 6 – Annual average of prices paid to producers for R3 young bull (€/100 kg)

<table>
<thead>
<tr>
<th></th>
<th>DE</th>
<th>IE</th>
<th>ES</th>
<th>FR</th>
<th>IT</th>
<th>UK</th>
<th>PL</th>
<th>EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>301</td>
<td>na</td>
<td>308</td>
<td>309</td>
<td>321</td>
<td>277</td>
<td>na</td>
<td>ns</td>
</tr>
<tr>
<td>1993</td>
<td>311</td>
<td>na</td>
<td>338</td>
<td>316</td>
<td>336</td>
<td>307</td>
<td>na</td>
<td>ns</td>
</tr>
<tr>
<td>1994</td>
<td>304</td>
<td>na</td>
<td>326</td>
<td>317</td>
<td>336</td>
<td>291</td>
<td>na</td>
<td>ns</td>
</tr>
<tr>
<td>1995</td>
<td>283</td>
<td>na</td>
<td>288</td>
<td>290</td>
<td>313</td>
<td>274</td>
<td>na</td>
<td>292</td>
</tr>
<tr>
<td>1996</td>
<td>265</td>
<td>na</td>
<td>270</td>
<td>262</td>
<td>293</td>
<td>229</td>
<td>na</td>
<td>270</td>
</tr>
<tr>
<td>1997</td>
<td>267</td>
<td>na</td>
<td>276</td>
<td>268</td>
<td>292</td>
<td>245</td>
<td>na</td>
<td>273</td>
</tr>
<tr>
<td>1998</td>
<td>273</td>
<td>na</td>
<td>284</td>
<td>279</td>
<td>311</td>
<td>239</td>
<td>na</td>
<td>282</td>
</tr>
<tr>
<td>1999</td>
<td>267</td>
<td>na</td>
<td>283</td>
<td>281</td>
<td>317</td>
<td>264</td>
<td>na</td>
<td>281</td>
</tr>
<tr>
<td>2000</td>
<td>268</td>
<td>na</td>
<td>287</td>
<td>282</td>
<td>313</td>
<td>276</td>
<td>na</td>
<td>283</td>
</tr>
<tr>
<td>2001</td>
<td>212</td>
<td>na</td>
<td>237</td>
<td>231</td>
<td>257</td>
<td>261</td>
<td>na</td>
<td>232</td>
</tr>
<tr>
<td>2002</td>
<td>250</td>
<td>na</td>
<td>278</td>
<td>274</td>
<td>296</td>
<td>265</td>
<td>na</td>
<td>268</td>
</tr>
<tr>
<td>2003</td>
<td>249</td>
<td>na</td>
<td>283</td>
<td>271</td>
<td>301</td>
<td>245</td>
<td>na</td>
<td>270</td>
</tr>
<tr>
<td>2004</td>
<td>261</td>
<td>258</td>
<td>275</td>
<td>272</td>
<td>301</td>
<td>266</td>
<td>173</td>
<td>269</td>
</tr>
<tr>
<td>2005</td>
<td>295</td>
<td>na</td>
<td>268</td>
<td>294</td>
<td>302</td>
<td>218</td>
<td>263</td>
<td>224</td>
</tr>
<tr>
<td>2006</td>
<td>310</td>
<td>287</td>
<td>327</td>
<td>325</td>
<td>347</td>
<td>288</td>
<td>243</td>
<td>316</td>
</tr>
<tr>
<td>2007</td>
<td>294</td>
<td>280</td>
<td>319</td>
<td>294</td>
<td>329</td>
<td>288</td>
<td>240</td>
<td>301</td>
</tr>
<tr>
<td>2008</td>
<td>323</td>
<td>323</td>
<td>311</td>
<td>315</td>
<td>353</td>
<td>317</td>
<td>263</td>
<td>320</td>
</tr>
<tr>
<td>2009</td>
<td>312</td>
<td>296</td>
<td>326</td>
<td>312</td>
<td>360</td>
<td>304</td>
<td>247</td>
<td>319</td>
</tr>
<tr>
<td>2010</td>
<td>320</td>
<td>296</td>
<td>323</td>
<td>311</td>
<td>346</td>
<td>300</td>
<td>256</td>
<td>320</td>
</tr>
<tr>
<td>2011</td>
<td>361</td>
<td>347</td>
<td>349</td>
<td>343</td>
<td>372</td>
<td>342</td>
<td>310</td>
<td>352</td>
</tr>
<tr>
<td>2012</td>
<td>397</td>
<td>388</td>
<td>380</td>
<td>382</td>
<td>396</td>
<td>407</td>
<td>334</td>
<td>384</td>
</tr>
<tr>
<td>2013</td>
<td>382</td>
<td>398</td>
<td>379</td>
<td>384</td>
<td>398</td>
<td>429</td>
<td>309</td>
<td>381</td>
</tr>
</tbody>
</table>

P1 before the crises (92-96) 300 na 315 308 327 287 na 292
P2 between crises (97-99) 269 na 281 276 307 250 na 279
P3 post crises (02-07) 277 273 296 290 315 269 220 286
P4 recent times (08-13) 341 333 341 334 365 341 280 340
Evolution P2/P1 -10% na -11% -10% -6% -13% na ns
Evolution P3/P2 3% na 6% 5% 3% 8% na 3%
Evolution P4/P3 23% 22% 15% 15% 16% 27% 27% 19%
Evolution 1st BSE crisis / P1 -12% na -14% -15% -10% -20% na -7%
Evolution 2nd BSE Crisis / P2 -11% na -7% -7% -7% 7% na -8%

Source: DG AGRI – Unit C3

In Period 2 (between the crises), average prices were lower than those of Period 1 (before the BSE crisis), particularly for cows: from -6% in Italy for R3 young bull to -27% in Ireland for O3 cows.

In Period 3 (post crises), prices were slightly higher than in the previous period (from +3% for German and Italian R3 young bulls to +11% for Irish O3 cows). The smaller change for the EU average (stable for cows and +3% for young bulls) results from the accession to the EU of new Member States with lower prices during the period.

---

### Table 7 – Annual average of prices paid to producers for O3 cows (€/100 kg)

<table>
<thead>
<tr>
<th>Year</th>
<th>DE</th>
<th>IE</th>
<th>ES</th>
<th>FR</th>
<th>IT</th>
<th>UK</th>
<th>PL</th>
<th>EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>229</td>
<td>233</td>
<td>175</td>
<td>265</td>
<td>223</td>
<td>227</td>
<td>na</td>
<td>ns</td>
</tr>
<tr>
<td>1993</td>
<td>252</td>
<td>255</td>
<td>199</td>
<td>287</td>
<td>249</td>
<td>248</td>
<td>na</td>
<td>ns</td>
</tr>
<tr>
<td>1994</td>
<td>252</td>
<td>255</td>
<td>225</td>
<td>286</td>
<td>248</td>
<td>239</td>
<td>na</td>
<td>ns</td>
</tr>
<tr>
<td>1995</td>
<td>226</td>
<td>235</td>
<td>210</td>
<td>259</td>
<td>226</td>
<td>221</td>
<td>na</td>
<td>242</td>
</tr>
<tr>
<td>1996</td>
<td>195</td>
<td>185</td>
<td>168</td>
<td>225</td>
<td>182</td>
<td>205</td>
<td>na</td>
<td>202</td>
</tr>
<tr>
<td>1997</td>
<td>203</td>
<td>194</td>
<td>161</td>
<td>243</td>
<td>187</td>
<td>Na</td>
<td>na</td>
<td>210</td>
</tr>
<tr>
<td>1998</td>
<td>200</td>
<td>179</td>
<td>155</td>
<td>255</td>
<td>188</td>
<td>Na</td>
<td>na</td>
<td>219</td>
</tr>
<tr>
<td>1999</td>
<td>188</td>
<td>161</td>
<td>146</td>
<td>245</td>
<td>180</td>
<td>Na</td>
<td>na</td>
<td>200</td>
</tr>
<tr>
<td>2000</td>
<td>201</td>
<td>183</td>
<td>153</td>
<td>244</td>
<td>191</td>
<td>Na</td>
<td>na</td>
<td>215</td>
</tr>
<tr>
<td>2001</td>
<td>143</td>
<td>165</td>
<td>137</td>
<td>198</td>
<td>157</td>
<td>Na</td>
<td>na</td>
<td>167</td>
</tr>
<tr>
<td>2002</td>
<td>164</td>
<td>160</td>
<td>137</td>
<td>209</td>
<td>169</td>
<td>Na</td>
<td>na</td>
<td>178</td>
</tr>
<tr>
<td>2003</td>
<td>173</td>
<td>166</td>
<td>135</td>
<td>219</td>
<td>163</td>
<td>Na</td>
<td>na</td>
<td>184</td>
</tr>
<tr>
<td>2004</td>
<td>190</td>
<td>196</td>
<td>138</td>
<td>245</td>
<td>175</td>
<td>Na</td>
<td>132</td>
<td>201</td>
</tr>
<tr>
<td>2005</td>
<td>224</td>
<td>209</td>
<td>161</td>
<td>267</td>
<td>212</td>
<td>Na</td>
<td>182</td>
<td>228</td>
</tr>
<tr>
<td>2006</td>
<td>237</td>
<td>231</td>
<td>176</td>
<td>275</td>
<td>216</td>
<td>213</td>
<td>186</td>
<td>238</td>
</tr>
<tr>
<td>2007</td>
<td>234</td>
<td>224</td>
<td>182</td>
<td>272</td>
<td>210</td>
<td>201</td>
<td>191</td>
<td>230</td>
</tr>
<tr>
<td>2008</td>
<td>260</td>
<td>268</td>
<td>185</td>
<td>276</td>
<td>229</td>
<td>247</td>
<td>212</td>
<td>247</td>
</tr>
<tr>
<td>2009</td>
<td>230</td>
<td>236</td>
<td>182</td>
<td>253</td>
<td>219</td>
<td>238</td>
<td>190</td>
<td>227</td>
</tr>
<tr>
<td>2010</td>
<td>235</td>
<td>242</td>
<td>178</td>
<td>263</td>
<td>217</td>
<td>230</td>
<td>199</td>
<td>231</td>
</tr>
<tr>
<td>2011</td>
<td>285</td>
<td>291</td>
<td>205</td>
<td>290</td>
<td>262</td>
<td>281</td>
<td>241</td>
<td>268</td>
</tr>
<tr>
<td>2012</td>
<td>327</td>
<td>331</td>
<td>240</td>
<td>338</td>
<td>296</td>
<td>334</td>
<td>285</td>
<td>310</td>
</tr>
<tr>
<td>2013</td>
<td>312</td>
<td>325</td>
<td>243</td>
<td>358</td>
<td>290</td>
<td>322</td>
<td>267</td>
<td>311</td>
</tr>
</tbody>
</table>

P1 before the crises (92-96)
- 240 - 244 - 202 - 274 - 237 - 233 - ns - 242

P2 between crises (97-99)
- 197 - 178 - 154 - 248 - 185 - ns - ns - 210

P3 post crises (02-07)

P4 recent times (08-13)
- 269 - 274 - 202 - 293 - 246 - 265 - 226 - 261

Evolution P2/P1
-18% -27% -24% -10% -22% ns ns -13%

Evolution P3/P2
4% 11% 0% 0% 3% ns ns 0%

Evolution P4/P3
32% 38% 31% 18% 29% 28% 31% 24%

Evolution 1st BSE crisis / P1
-18% -24% -17% -18% -23% -12% ns -16%

Evolution 2nd BSE Crisis / P2
-13% -2% -6% -11% -6% ns ns -9%

Source: DG AGRI – Unit C3

In Period 4 (recent times), prices paid to producers increased significantly (+19% for 3R young bull at the EU level and +24% for O3 Cows). The increase was particularly strong in 2011 and 2012, due to a high demand for intra and extra-EU exports and a reduction in beef production in the EU market, as dairy farmers held on to their cows.

However, we can see that prices dropped sharply in 1996 and in 2001, both for young cattle and for cows. In 1996, the annual O3 cow prices declined in all Member States (-21% /1995 in Ireland, -20% in Spain, -19% in Italy, -13% in Germany and France, -7% in the United Kingdom). R3 young bull prices were also affected by this drop between 1995 and 1996, albeit to a lesser degree (-17% in the United Kingdom, -9% in France, -7% in Germany and Italy).

In 2001, EU O3 cow prices dropped by 23% compared to 2000 and EU R3 young bull prices by 18%.

---

Monthly analyses showed that the fall in producer prices was brutal during the crises, particularly in November 2000 (see Figure 3), and that it took time for prices to recover after the plunge. In just three months (October 2000 to January 2001), the price of EU O3 cows dropped by 25%, falling from €225 to €167 /100 kg. Over the same period, the EU price for R3 young bull dropped by 20%, from €287 to €229 /100 kg. Prices did not completely recover until 2005.

**Figure 3 – Producer prices for O3 cow and R3 from 1999 to 2014**

![Figure 3 – Producer prices for O3 cow and R3 from 1999 to 2014](image)

2.5.2 Consumer prices

In contrast to producer prices, which dropped sharply in 1996 and 2001, consumers’ meat prices did not change much in 1996 and increased suddenly in 2001. As Eurostat does not provide any detailed data per species concerning consumer price indices for meat over the evaluation period, we analysed available national data.

The table below shows the long-term changes in consumer price indices in the United Kingdom, France, Germany, Italy, Spain and Ireland.

Consumer prices were almost stable in the United Kingdom and in Germany between the first two periods, whereas the index rose slightly in France (+4%). During Period 3 (post crises), consumer prices were significantly higher than during Period 2 (between the crises) (+3% in the United Kingdom, +8% in Germany, +16% in Italy; +19% in France as in Ireland). Finally, the rise was sharp during Period 4 (recent times): +13% in Ireland, +16% in Germany, +17% in Italy, +18% in France and +32% in the United Kingdom.
Table 8 – Consumer price indices for beef in six Member States (2004=100)

<table>
<thead>
<tr>
<th></th>
<th>UK</th>
<th>FR</th>
<th>IT</th>
<th>DE</th>
<th>ES</th>
<th>IE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>93.4</td>
<td>80.8</td>
<td>96.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>100.7</td>
<td>81.9</td>
<td>97.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>98.7</td>
<td>83.0</td>
<td>96.6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>99.6</td>
<td>83.4</td>
<td>95.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>100.5</td>
<td>83.3</td>
<td>88.4</td>
<td>94.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>98.4</td>
<td>84.2</td>
<td>87.2</td>
<td>96.1</td>
<td>84.0</td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>96.4</td>
<td>86.0</td>
<td>87.9</td>
<td>95.5</td>
<td>83.1</td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>99.0</td>
<td>87.0</td>
<td>88.4</td>
<td>94.9</td>
<td>84.4</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>99.2</td>
<td>88.7</td>
<td>89.7</td>
<td>96.4</td>
<td>90.0</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>99.6</td>
<td>92.4</td>
<td>92.0</td>
<td>101.3</td>
<td>95.0</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>99.3</td>
<td>93.7</td>
<td>95.0</td>
<td>98.5</td>
<td>97.0</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>98.2</td>
<td>96.0</td>
<td>97.7</td>
<td>98.7</td>
<td>98.2</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>2005</td>
<td>99.1</td>
<td>104.2</td>
<td>101.7</td>
<td>103.5</td>
<td>115.1</td>
<td>96.4</td>
</tr>
<tr>
<td>2006</td>
<td>103.0</td>
<td>108.5</td>
<td>106.1</td>
<td>109.5</td>
<td>125.7</td>
<td>102.0</td>
</tr>
<tr>
<td>2007</td>
<td>105.2</td>
<td>111.5</td>
<td>109.1</td>
<td>108.9</td>
<td>134.5</td>
<td>107.1</td>
</tr>
<tr>
<td>2008</td>
<td>120.6</td>
<td>115.8</td>
<td>113.8</td>
<td>106.8</td>
<td>142.1</td>
<td>116.4</td>
</tr>
<tr>
<td>2009</td>
<td>130.6</td>
<td>117.5</td>
<td>115.9</td>
<td>108.6</td>
<td>145.2</td>
<td>113.3</td>
</tr>
<tr>
<td>2010</td>
<td>130.0</td>
<td>118.7</td>
<td>117.0</td>
<td>114.8</td>
<td>150.0</td>
<td>107.6</td>
</tr>
<tr>
<td>2011</td>
<td>135.4</td>
<td>121.6</td>
<td>119.5</td>
<td>124.0</td>
<td>148.4</td>
<td>110.1</td>
</tr>
<tr>
<td>2012</td>
<td>150.2</td>
<td>127.3</td>
<td>125.2</td>
<td>132.8</td>
<td>157.4</td>
<td>118.4</td>
</tr>
<tr>
<td>2013</td>
<td>158.9</td>
<td>132.8</td>
<td>133.8</td>
<td>138.5</td>
<td>165.9</td>
<td>122.3</td>
</tr>
</tbody>
</table>

P1 before the crises (92-96) 98.1 82.3 ns 96.5 ns ns
P2 between crises (97-99) 97.9 85.7 87.8 95.5 ns 3.8
P3 post crises (02-07) 100.8 102.3 101.6 103.2 118.8 100.1
P4 recent times (08-13) 133.0 120.7 119.2 119.2 149.1 113.6
Evolution P2/P1 0% 4% ns -1% ns ns
Evolution P3/P2 3% 19% 16% 8% ns 19%
Evolution P4/P3 32% 18% 17% 16% 25%* 13%
Evolution 1st BSE crisis / P1 2% 1% ns -2% ns ns
Evolution 2nd BSE Crisis / P2 1% 6% 3% 4% ns 10%

Source: IDELE/AND-International from ONS, INSEE, ISTAT, ZMP, AMI, CSO, Magrama
For Ireland: CPI since 2003, average of available categories before 2003
For Germany: average of all available categories. The categories were redefined in 2004.
For Spain: retail price for “ternera” meat. *: Period 3 (post crises) is uncomplete.

Figure 4 – Evolution of consumer prices indices for beef in several Member States
2.6 Intra-EU trade

2.6.1 Importance of intra-EU trade

The trade of beef (total) within the EU from 1995 to 2013 is the sum of all the quantities sold by all the Member States to other Member States. In 2013, 2.6 million tonnes were traded, equivalent to 36% of EU net production, as shown in Figure 5 and Table 9.

Figure 5 – Intra-EU trade for beef (1000 tonnes cwe)

Table 9 – Intra-EU trade in beef (1000 tonnes cwe)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EU-15</td>
<td>1,747</td>
<td>1,404</td>
<td>1,494</td>
<td>1,554</td>
<td>1,619</td>
<td>1,646</td>
<td>1,398</td>
<td>1,735</td>
<td>1,939</td>
<td>1,965</td>
</tr>
<tr>
<td>EU-27</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>2,089</td>
<td>n.a.</td>
</tr>
<tr>
<td>2005</td>
<td>1,973</td>
<td>2,101</td>
<td>2,206</td>
<td>2,349</td>
<td>2,329</td>
<td>2,371</td>
<td>2,436</td>
<td>2,341</td>
<td>2,190</td>
<td></td>
</tr>
<tr>
<td>EU-15</td>
<td>2,153</td>
<td>2,349</td>
<td>2,514</td>
<td>2,695</td>
<td>2,717</td>
<td>2,778</td>
<td>2,801</td>
<td>2,733</td>
<td>2,627</td>
<td></td>
</tr>
<tr>
<td>EU-27</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total intra-EU trade increased sharply between Period 2 (between the crises) and Period 3 (post crises) (+28% for the EU-15) and increased again in Period 4 (recent times) (+17% in the EU-15 and +25% in the EU-27). In this last period, the larger rise for the EU-27 (as compared with the EU-15) reflects the entry of new Member States into the common market and the development of trade within the EU-27.

Volumes traded across borders within the EU market decreased sharply in 1996 (-20% compared with 1995) and again in 2001 (-15% compared with 2000), two years marked by the BSE crisis, with a Foot and Mouth Disease (FMD) crisis in 2001 in the United Kingdom and Ireland, which, of course, also affected the beef trade. We can conclude that during those years, a renationalisation of the beef supplies took place driven by the need for retailers and butchers to regain confidence.
2.6.2 Share of intra and extra-EU imports in national consumption

Internal trade development is an important issue. It can be measured through the evolution of the share of intra and extra-EU imports in national consumption.

Italy, the United Kingdom and Germany are large importers of beef: in 2013, imports accounted for more than 35% of their national consumption. France and Spain import 24% and 23% of their consumption respectively. Ireland has a special position: as this Member State entertains a special relationship with Great Britain, with a large amount of exchanges from one country to another regardless of Ireland’s domestic consumption.

Figure 6 – Imports (intra and extra-EU) as part of national consumption

Source: AND-International based on data from Eurostat, DG AGRI, and Idele – NB: Data for Ireland is not comparable

The share of intra and extra-EU imports in beef consumption increased over the long term. In all the Member States presented here, the ratio dropped significantly in the crisis years, except in the United Kingdom in 2001, where the FMD crisis led to a drop in production and a rise in imports from Ireland, which had just lost its third country market outlets.

Table 10 – Imports (intra and extra-EU) as part of national consumption by period

<table>
<thead>
<tr>
<th></th>
<th>DE</th>
<th>IE</th>
<th>ES</th>
<th>FR</th>
<th>IT</th>
<th>UK</th>
<th>PL</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1 before the crises (92-96)</td>
<td>21%</td>
<td>47%</td>
<td>12%</td>
<td>31%</td>
<td>36%</td>
<td>21%</td>
<td>-</td>
</tr>
<tr>
<td>P2 between crises (97-99)</td>
<td>20%</td>
<td>24%</td>
<td>13%</td>
<td>19%</td>
<td>29%</td>
<td>29%</td>
<td>-</td>
</tr>
<tr>
<td>P3 post crises (02-07)</td>
<td>26%</td>
<td>36%</td>
<td>19%</td>
<td>21%</td>
<td>32%</td>
<td>39%</td>
<td>2%</td>
</tr>
<tr>
<td>P4 recent times (08-13)</td>
<td>35%</td>
<td>50%</td>
<td>23%</td>
<td>24%</td>
<td>36%</td>
<td>36%</td>
<td>8%</td>
</tr>
<tr>
<td>Evolution P2/P1 (in % points)</td>
<td>-1</td>
<td>-23</td>
<td>1</td>
<td>-12</td>
<td>-7</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Evolution P3/P2 (in % points)</td>
<td>6</td>
<td>8</td>
<td>5</td>
<td>1</td>
<td>3</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td>Evolution P4/P3 (in % points)</td>
<td>10</td>
<td>18</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>-3</td>
<td>6</td>
</tr>
<tr>
<td>Evolution 1st BSE crisis / P1 (in % points)</td>
<td>0</td>
<td>-17</td>
<td>-3</td>
<td>-12</td>
<td>-12</td>
<td>7</td>
<td>--</td>
</tr>
<tr>
<td>Evolution 2nd BSE Crises / P2 (in % points)</td>
<td>-3</td>
<td>-1</td>
<td>1</td>
<td>-1</td>
<td>-3</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

Source: GEB/Institut de l’Élevage from Eurostat data

In all the Member States studied there, the share of imported products in the total beef consumption increased significantly in Period 3 (post crises) compared to Period 2 (between the crises) (+6 % in Germany, +8 points in Ireland, +5 points in Spain, +1 point in France, +3 points in Italy, +11 points in the United Kingdom). This stronger change for the United Kingdom could be linked to the closure of third country markets to Irish beef and its reorientation towards the British market.
The share of imported products in total consumption increased again in Period 4 (recent times) compared to Period 3 (post crises) (+10 points in Germany, +14 points in Ireland, +5 points in Spain, +4% in France, +4% in Italy), except in the United Kingdom (-3 points).

Between Period 1 (before the BSE crisis) and 1\textsuperscript{st} BSE crisis, the ratio of intra and extra-EU imports to consumption lost 3 points in Germany, 2 points in Spain, 6 points in France, 3 points in Italy and 2 points in the United Kingdom.

Over the second BSE crisis (2000-2001), the ratio lost 3 points in Germany and Italy compared to Period 2 (between the crises) and Period 1 (before the BSE crisis) one point in France. It gained one point in Spain and 5 points in the United Kingdom, with more Irish beef available.

2.6.3 \textbf{Intra-EU trade diagram}

\textit{Figure 7 – Main flows of fresh bovine meat in the EU (1,000 tonnes cwe; 2013)}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{intra_eu_trade_diagram}
\caption{Main flows of fresh bovine meat in the EU (1,000 tonnes cwe; 2013)}
\end{figure}

\textbf{2.7 Extra-EU trade}

\textbf{2.7.1 Degree of openness of the EU market}

The EU external trade in beef is much lower than the internal trade between Member States. According to DG AGRI figures (Figure 7), only 4\% of the EU-28 consumption consisted of imported beef and only 2\% of EU net production of beef was exported towards third countries in 2013.

The degree of openness of the EU beef market has changed marginally over the most recent period. As production declined and export refunds were reduced and then abolished, the ratio ‘exports/net production’ decreased. It lost 9% between Period 1 (before the BSE crisis) and Period 3 (post crises) in the EU-15, and then another point in Period 4 (recent times) in both the EU-15 and the EU-28.

The ratio ‘imports/consumption’ did not change between 1995 and Period 2 (between the crises). It increased by 2.4 points to 7.6\% for the EU-15 in Period 3 (post crises). Finally, in the most recent period, it continued growing for the EU-15 (+0.8 points at 8.4\%) with the development of Polish exports in particular, but fell by 1.5 point to 4.1\% for the EU-28, with the reduction of imports from Brazil, which was particularly pronounced in 2008.
2.7.2 EU external trade balance

EU beef exports decreased sharply from 1995 to 2007 (-80%). This was the consequence of a decline in production and of the reduction and then the abolition of export refunds. Exports were up again in 2010 and 2011 (+150% from 2009 to 2011). As world prices increased significantly, EU bovine products were competitive again on the world market without export refunds. The opening (in late 2010) and closure (in 2013) of the Turkish market intensified the fluctuations in EU exports.

EU imports increased from 2001 to 2007 (+40%). Imports began to fall in 2008 with restrictions on Brazilian beef imports (the EU imposed more traceability requirements on Brazil and only 412 Brazilian cattle farms were deemed eligible to export to the EU, compared to around 10,000 prior to these requirements being introduced). Imports from Brazil fell by 59% in 2008 compared to 2007 to 176,000 tonnes cwe and then continued decreasing to 129,000 tonnes cwe in 2012, before a small increase in 2013 to 148,000 tonnes. Brazilian beef production declined as farmers kept more animals on their farms, from 2001 to 2007. In addition to this, Brazilian internal consumption increased and exporters started selling beef on emergent markets in South America, the Middle East, Asia and North Africa, where demand for beef is on the rise, as are prices. Australia, New Zealand and Uruguay have taken advantage of the decline of Brazil, but the volumes exported to the EU market cannot be compared to the previous level of Brazilian beef imports.
EU exports to third countries decreased in 2003, 2004 and 2005. These successive decreases accounted, respectively for 1.4%, 0.3%, and 1.3% of total EU slaughtering or, respectively 117,000 tonnes cwe, 26,000 tonnes cwe and 103,000 tonnes cwe.

In Period 3 (post crises), the EU lost its self-sufficiency in beef. The trade balance (exports-imports) went from +563,000 tonnes in Period 2 (between the crises) to -124,000 tonnes in Period 3 (post crises). Imports to the EU market increased by 5% compared to Period 2 (between the crises), to an average of 528,000 tonnes cwe, whereas over the same period exports decreased by 59% to an average of 404,000 tonnes cwe.

In Period 4 (recent times), a positive balance was restored (+17,000 tonnes), thanks to a rise in exports (+1%) and a drop in imports (-26%).

In 1996 (first BSE crisis), imports decreased by 11% and exports by 7% compared to 1995, in particular as a result of the closure of the Turkish market due to BSE. In 2000-2001 (second BSE crisis), imports were reduced by 3% and exports by 33%. Many third countries closed their doors to EU beef at that point, in particular Egypt, which had imported a quarter of the EU beef and live exports the previous year, and other Middle Eastern and North African countries. Only Russia and Lebanon remained open, taking advantage of low EU prices.
### 2.8 Main findings concerning the evolution of the market

#### Table 13 – Summary of the main data over the different periods

<table>
<thead>
<tr>
<th>Unit</th>
<th>Period 1 92-95 Before crises</th>
<th>Period 2 97-99 Between crises</th>
<th>Period 3 02-07 After the crises</th>
<th>Period 4 07-13 Recent time</th>
<th>Evol. P2 / P1</th>
<th>Evol. P3 / P2</th>
<th>Evol. P4 / P3</th>
<th>BSE1 / P1</th>
<th>BSE2 / P2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net production EU-15</td>
<td>1,000 TEC 7,966</td>
<td>7,744</td>
<td>7,363</td>
<td>7,099</td>
<td>-3%</td>
<td>-5%</td>
<td>-4%</td>
<td>0%</td>
<td>-5%</td>
</tr>
<tr>
<td>Net production EU-28</td>
<td>1,000 TEC</td>
<td>n.a.</td>
<td>8,267</td>
<td>7,953</td>
<td>-</td>
<td>-</td>
<td>-4%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Consumption EU-15</td>
<td>1,000 TEC</td>
<td>7,637</td>
<td>7,357</td>
<td>6,827</td>
<td>-4%</td>
<td>3%</td>
<td>-10%</td>
<td>-9%</td>
<td>-5%</td>
</tr>
<tr>
<td>Consumption EU-28</td>
<td>1,000 TEC</td>
<td>n.a.</td>
<td>8,485</td>
<td>8,016</td>
<td>-</td>
<td>-</td>
<td>-6%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Per capita cons. EU-15</td>
<td>Kg EC / head 21</td>
<td>20</td>
<td>20</td>
<td>17</td>
<td>-5%</td>
<td>0%</td>
<td>-12%</td>
<td>-10%</td>
<td>-5%</td>
</tr>
<tr>
<td>Per capita cons. EU-28</td>
<td>Kg EC / head</td>
<td>n.a.</td>
<td>n.a.</td>
<td>17</td>
<td>16</td>
<td>-7%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Intra trade EU-15 *</td>
<td>1,000 TEC</td>
<td>1,747</td>
<td>1,555</td>
<td>1,986</td>
<td>-11%</td>
<td>28%</td>
<td>17%</td>
<td>-20%</td>
<td>-2%</td>
</tr>
<tr>
<td>Intra trade EU-27</td>
<td>1,000 TEC</td>
<td>n.a.</td>
<td>1,690</td>
<td>2,151</td>
<td>2,695</td>
<td>-</td>
<td>27%</td>
<td>25%</td>
<td>-6%</td>
</tr>
<tr>
<td>EU ** Imports *</td>
<td>1,000 TEC</td>
<td>452</td>
<td>428</td>
<td>528</td>
<td>389</td>
<td>-5%</td>
<td>23%</td>
<td>-26%</td>
<td>-11%</td>
</tr>
<tr>
<td>EU ** Exports *</td>
<td>1,000 TEC</td>
<td>1,263</td>
<td>991</td>
<td>404</td>
<td>407</td>
<td>-22%</td>
<td>-59%</td>
<td>1%</td>
<td>-7%</td>
</tr>
<tr>
<td>EU ** Balance*</td>
<td>1,000 TEC</td>
<td>+811</td>
<td>+563</td>
<td>-124</td>
<td>+17</td>
<td>-31%</td>
<td>Turned &lt;0</td>
<td>Turned &gt;0</td>
<td>-5%</td>
</tr>
<tr>
<td>R3 YB price EU*</td>
<td>EUR / 100 kg EC 292</td>
<td>279</td>
<td>286</td>
<td>340</td>
<td>-5%</td>
<td>3%</td>
<td>19%</td>
<td>-7%</td>
<td>-8%</td>
</tr>
<tr>
<td>O3 cow price EU*</td>
<td>EUR / 100 kg EC 242</td>
<td>210</td>
<td>210</td>
<td>261</td>
<td>-13%</td>
<td>0%</td>
<td>24%</td>
<td>-16%</td>
<td>-9%</td>
</tr>
<tr>
<td>CPI UK</td>
<td>2004=100</td>
<td>98</td>
<td>98</td>
<td>101</td>
<td>133</td>
<td>0%</td>
<td>3%</td>
<td>32%</td>
<td>2%</td>
</tr>
<tr>
<td>CPI FR</td>
<td>2004=100</td>
<td>82</td>
<td>86</td>
<td>102</td>
<td>121</td>
<td>4%</td>
<td>19%</td>
<td>18%</td>
<td>1%</td>
</tr>
<tr>
<td>CPI IT</td>
<td>2004=100</td>
<td>n.a.</td>
<td>88</td>
<td>102</td>
<td>119</td>
<td>-16%</td>
<td>17%</td>
<td>-</td>
<td>3%</td>
</tr>
<tr>
<td>CPI DE</td>
<td>2004=100</td>
<td>96</td>
<td>95</td>
<td>103</td>
<td>119</td>
<td>-1%</td>
<td>8%</td>
<td>16%</td>
<td>-2%</td>
</tr>
</tbody>
</table>

* Series starting in 1995 (period 1 average= 1995) - ** Evolutive - CPI: Consumer Price Index – n.a.: not available

Compilation by AND international & IDELE - Sources: see Tables 4 to 11 and Figures 1 to 7

Our analysis of the main changes across the different periods gives an overview of the last twenty years in the beef market:

**Period 2 (between the crises) / Period 1 (before the BSE crisis):** after the first BSE crisis, almost all indicators were down: production and internal consumption decreased by 3% and 4%, to be compared to the 0% and 9% loss in 1996 although part of the production had to be bought for storage or destruction; internal trade slumped by 11%, (compared to the 20% drop registered in 1996). In these circumstances, EU exports decreased significantly (-22%) and, as a consequence, imports also deteriorated (-5%) but the external balance went down too. Prices at production stage also dropped (but not as steeply as they had done in 1996), while retail prices diverged: stability in the United Kingdom, a decrease in Germany, and an increase in France.

In conclusion, during this period, the beef market recovered partially, but internal trade and farm prices remained low.

**Period 3 (post crises) / Period 2 (between the crises):** after the second BSE crisis (and the implementation of Regulation (EC) No 1760/2000) almost all the indicators rose. While net production in the EU-15 fell by 5%, consumption rose by 3%. This is explained by the fact that imports were up by 23%. Furthermore, internal trade increased by 28% and 27% for the EU-15 and EU-27 respectively. The EU balance of trade in beef went down again and became negative because the internal consumption was fuelled by imports and not by a rise in production, despite a rise in the price of young bulls and stability in the prices of cows. However, it seems that these farm-gate prices, which remained below their Period 1 (before the BSE crisis) level were not sufficient to motivate a rise in meat production. In contrast, retail prices rose significantly in France and Italy and more gradually in Germany and the United Kingdom.

Thus, the post-BSE period saw a real recovery in demand, prices, and internal trade but production did not follow these positive trends.
We can observe that the second BSE crisis period was as significant as the first with drops in demand (-5%), farm prices (-8%, -9%) exports (-33%), and production (-5%). For this reason, the 2002-2007 recovery is particularly remarkable: the BSE issue appears to have been forgotten.

**Period 4 (recent times) / Period 3 (post crises):** during this last period, all indicators fell except for the EU external trade balance and all prices (farm and retail). The most impressive change concerned consumption: - 6% for the EU-28 and -10% in the core market (EU-15). The explanation for this is partially to be found in the drop in imports from third countries, caused essentially by the inability of most Brazilian farmers to reach the required sanitary level and to guarantee that they were FMD free. At the same time, EU production continued to decrease in parallel with the decline in the size of the cow herd’s (dairy and suckler). The consequence of this raw material shortage was an increase in farm prices and, consequently in retail prices. High prices discouraged consumers and caused a previously unseen (except in periods of crisis) drop in demand.
2.9 National overviews
2.9.1 Germany
2.9.1.1 National market sheet
Beef and veal production in Germany is characterised by the following structure and trends:

- In 2013, 12.7 million bovine animals were kept in Germany, which makes the German herd the second biggest in Europe after France. More than one third of the herd are dairy cows. This year more than 1.1 million tonnes of beef were produced. Slaughtering statistics show a decreasing trend: production in 2013 was 40% lower than in 1992.

- The German cattle stock has become more concentrated and is increasingly owned by larger businesses. Over 60% of the cows are now kept in stocks of cattle with more than 100 animals\(^{22}\) (source: VDF).

- Germany is an exporting country with regard to both the internal and external trade in live bovine animals and beef. As far as live animals are concerned, this is mainly due to the export of calves to the Netherlands, whereas imports of live animals concern older animals, mostly coming from the Netherlands. With regard to the trade in beef, German beef principally goes to the Netherlands, France and Italy. Intra-EU imports mostly come from the Netherlands, Austria and Poland.

![Figure 10 – Beef and veal market chain in Germany in 2013](source: Eurostat and BMEL)

2.9.1.2 Production system and product characteristics
As previously explained, Germany is a dairy country with a high share of dairy cows among the total number of cows. More than forty different cattle breeds reflect the regional, climatic and gastronomic differences between the Bavarian Alps in the South and the North and Baltic Seas. Fleckvieh and Braunvieh are the main breeds in the south of Germany, whilst in the north, German Holsteins predominate. The bovine production system in southern Germany is more extensive than in the north, where production is more concentrated and integrated.

2.9.1.3 Internal market information (price, consumption)
In 2013, German producers were paid 382 EUR/100kg for R3 young bulls, which was around the European average; the same is true for O3 cows (312 EUR/100kg against 311 EUR/100kg). Prices actually rose between the 2002-2007 period and from 2007-2013, with prices increasing by +23% and +32% respectively for young bulls and cows. With regard to consumer prices, they rose by +16% over the same period.

The average German beef consumption was 12.9 kg per capita in 2013 as shown in Figure 10 above. It is mostly consumed as fresh meat. Much greater quantities of pork are consumed in Germany with 52.8kg per capita.

With regard to beef labelling, 161 voluntary labelling systems have been registered by the federal authorities.

\(^{22}\) Source : VDF : Verband der Fleischwirtschaft (Producers' association)
2.9.1.4 Trade flows
In 2013, 3.5 million bovines were slaughtered in Germany. Intra and extra-EU exports of live animals were more than six times higher than imports: 659 000 animals were sold last year to EU and third countries, whereas 97 000 were imported from the EU and third countries.

On the beef market, 437 500 tonnes of bovine meat were sold inside and outside the EU corresponding to 39.5% of German production, whereas 362 400 tonnes were imported (from the EU and third countries), equivalent to 34.7% of the German beef consumption.

2.9.1.5 Control system organisation
As a federal country, supervision in Germany is shared between several authorities at state or federal levels. Two authorities are involved at federal level: the Federal Ministry of Food, Agriculture and Consumer Protection (BMELV for Bundesministerium für Ernährung und Landwirtschaft) and the Federal Agency for Agriculture and Food (BLE for Bundesanstalt für Landwirtschaft und Ernährung).

The BMELV is in charge of drawing up legislation and general administrative regulations on bovine identification and beef labelling. It set up and implemented the Beef Labelling Act (Rindfleischetikettierungsgesetz).

The BLE is responsible under the BMELV for the following aspects:

- The official controls of the compulsory and voluntary labelling of beef in all approved establishments. In the retail and wholesale sectors, where voluntary labelling is applied, the BLE is responsible for controls on both compulsory and voluntary labelling;
- The approval of the voluntary labelling systems, the organisations in charge of controls on these systems and of auditing them at least once a year;
- The prosecution and punishment of offences under the Beef Labelling Act;
- Pursuing the traceability checks by the Länder across the whole of the supply chain, within the limits of its competence.

Twenty-three bodies are authorised by the BLE to carry out controls on voluntary labelling.

The Länder authorities are responsible for official controls on compulsory beef labelling at wholesale and retail levels, except where these fall within the competence of the BLE, as well as in all other establishments not subject to approval.
2.9.2 France

2.9.2.1 National market sheet

The beef and veal sector in France is characterised by the following structure and trends:

- With 19 million heads in 2013, France has the biggest bovine herd in the EU-28. 22% of this livestock are suckler cows, dedicated to the production of meat. The number of suckler cows has decreased since 2007 (-1%) mainly because of the drought in 2011 (the livestock increased between 2007 and 2010 by 1.3% and then decreased from 2011).

- The French beef sector is the largest in the EU-28. However, production has fluctuated over the last forty years. During the 1970’s and 1980’s, the French bovine livestock was in decline, mainly due to the decline of the dairy herd (consequence of the milk quotas implementation). From the 1990’s, the French production was marked by several important food safety crises: the BSE crises in 1996 and 2000 and the Bluetongue crisis in 2006. These crises led to stronger health regulations and a decline in the production and consumption of beef and veal. Between 2008 and 2011, the French beef and veal production began to recover, with exports increasing 8.5% per year. This was due to increasing producer prices and strong demand on the intra and extra-EU markets.

- In 2011, the production started declining (-10% between 2011 and 2013). 2011 was a year of high production for several reasons, including the drought that led to the decrease in the bovine herd. France is a large provider of live bovine animals (1.2 million heads in 2013) and it imports 24% of the beef consumed from the EU and third countries (368,000 tonnes in 2013).

2.9.2.2 Production system and product characteristics

The French beef sector is made up of diverse production systems including both dairy herd (for milk production) and suckler herd (for meat production), and both specialised and mixed breeding systems.

The milk quotas ended in April 2015, which may have a significant impact on the French beef industry since the dairy herd is a major external factor in the evolution of beef production (40% of raw meat for beef products come from dairy cows).

Supply of beef and beef products will also respond to changes in demand for these products. French consumption is progressively shifting to processed products such as minced meat, burgers, meatballs, and marinated meats, and moving away from beef cuts to grill or roast.

2.9.2.3 Internal market information (price, consumption)

In 2013, French producers were paid 384 EUR/100kg for R3 young bulls, which was near the European average (381 EUR/100kg): French O3 cow prices were higher than the European average (358 EUR/100kg against 311 EUR/100kg). Prices did rise between the 2002-2007 period and from 2007-2013, with prices increasing by +15% and +18% respectively for young bulls and cows. Consumer prices also rose over the same period by +18%.
Beef and veal consumption in France has been steadily decreasing over the last few years. In 2013, the average consumption was 23.4 kg (carcass weight) per capita, 11% less than in 2007.

Beef consumption by French households increased significantly between 1970 and 1988 and then declined during the 1990’s, particularly during the food safety crises in the bovine sector. After a recovery beginning in 2002, consumption began to decline significantly again after 2010. However, consumer prices have been continuously increasing since 1990 at an average rate around 2.2% per year23.

70% of French beef sales are to households, while the remaining 30% are to the food service industry. In 1975, it was estimated that minced meat represented less than one percent of the sales. Ten years later, this share was up to seven percent, and today it has reached 30%24. Over the last 20 years, households have gradually purchased more beef from supermarkets (nearly 80% in 2012) rather than traditional butcher shops and specialised retailers (around 20%). Demand has also shifted towards processed products that are less expensive and quicker to cook.

2.9.2.4 Trade flows

In 2013, 4.6 million bovines were slaughtered in France. Intra and extra-EU exports of live animals exceeded imports: 1.18 million bovines were sold last year (mainly young cattle for fattening) and 70,000 heads were imported (mainly veal calves).

On the beef market, 242,000 tonnes of bovine meat were sold (in the EU as in third countries) representing 7.1% of French production and 368,000 tonnes were imported from the EU as from third countries —24% of the French beef consumption. Imports of beef were mainly from European dairy cows, especially from Germany and the Netherlands. Imports from third countries represented only 3% of the beef imported from Member States or third countries.

2.9.2.5 Control system organisation

Two public authorities are involved in the traceability of beef and beef products:

- The General Directorate for Food (DGAL) is the competent authority in the field of animal health, including the identification of bovines. The DGAL is responsible for the controls of animal foodstuffs, notably the traceability of beef and beef products.

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

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

The voluntary labelling schemes are under the responsibility of Interbev (National Interbranch Organisation for Meat and Livestock) who is the owner of the specifications. Interbev subcontracts controls of these voluntary schemes to private control bodies under the global supervision of the national control authority (DGCCRF). However, most infringements are managed by Interbev and the national control authorities only intervene in case of frauds falling within their mandate. Voluntary labels on quality and origin (PDO/PGI/Organic Agriculture/Label Rouge) are controlled under the responsibility of Interbev and the global supervision of the national control authority.

---

23 Source : French Ministry of Economy
24 Source : France AgriMer (La filière bovine française – 2012)
2.9.3 Italy

2.9.3.1 National market sheet

The beef sector in Italy is characterised by the following structure and trends:

- 5.7 million bovine heads in 2013, out of which about 40% were for meat production. The national herd has overall reduced by 8.9% between 2006 and 2013 (-1.7% on average per year) (Istat\(^{25}\)).

- Contraction of domestic production (-1.4%) between 2011 and 2012 as shown by the reduction in slaughtered volumes (-4.3%) and a noticeable decrease in intra and extra-EU imports of live animals (- 2.3%). This also translates into a decrease of the share of "vitellone"\(^{26}\) and an increase of the share of cow meat, closely related to a decrease in consumption and a shift of imports towards cheaper meat cuts.

- High dependency on intra and extra-EU imports of both animals for fattening and meat (chilled and frozen). Self-sufficiency was at 60% in 2013, up from 58.9% in 2009\(^{27}\).

![Figure 12 – Beef and veal market chain in Italy (2013)](image)

2.9.3.2 Production system and product characteristics

In 2013, the national livestock register BDN (Banca Dati Nazionale), counted a total of 89,000 livestock farms which specialised in beef production (i.e. meat only) for a total of 2,635 million heads, corresponding to 29.6 heads/farm on average. According to Istat, livestock production is highly concentrated at geographical level in four northern regions that account for 63% of the national herd: Lombardia (23.3%), Veneto (14.3%), Piemonte (13.3%) and Emilia Romagna (12.1%). At farm level, the sector can be sub-divided into three main types of production (i.e. farms mainly specialised in meat production):

- Veal production (animals <8 months up to 250-300kg), representing 12% of the total beef production in 2012, is concentrated at geographical level in the largest milk production areas (Lombardia and Veneto).

- Beef (including young animals from 8-12 months and up to 20 months) represents the core production for Italy (what is generally termed as "vitellone"). It accounts for nearly 70% of the total beef supplied to the consumer market. About 97% of the animals for slaughtering are fattened in Italy; out of the total number of animals fattened in Italy, about 62% are domestic animals and the remaining 38% are imported.

- Cull cows (560-580kg) are also concentrated in the milk production areas and represented about 15% of the beef market in 2012.

---

\(^{25}\) National data differ from Eurostat data

\(^{26}\) Vitellone: young bovine aged more than 12 months.

\(^{27}\) Source: ISMEA (Istituto di Servizi per il mercato agricolo alimentare)
In the past ten years, the slaughtering sector has undergone a process of restructuring and concentration, by which less efficient and less competitive businesses have left the sector (and more so since the onset of the 2008 economic crisis). According to data provided by Ismea, in 2013 there were 1,300 slaughtering plants (red meat), down from 1,317 in 2012. The beef slaughtering industry is still rather fragmented, with the top seven enterprises\(^{28}\) accounting for 35% of total beef slaughtering (2009), but only the first two (i.e. Inalca and Unipeg) controlling significant market shares (17% and 7%, respectively).

### 2.9.3.3 Internal market information (price, consumption)

In 2013, Italian producers were paid 398 EUR/100kg for R3 young bulls, which was near the European average (381 EUR/100kg); Italian prices of O3 cows were a bit lower than the European average (290 EUR/100kg against 311 EUR/100kg). Prices did rise between the 2002-2007 period and from 2007-2013, with prices increasing by +16% and +29% respectively for young bulls and cows.

Retail prices range between 8.00 EUR/kg for beef sold at discount retail chains and 10.39 EUR/kg for beef sold by traditional butcher shops (Ismea based on GfK-Eurisko family panel data; 2012). In terms of sales channels, super/hypermarkets account for the largest share of beef imports (nearly 52% in 2012), with traditional specialist retail outlets representing 35.7% of total sales.

Recovering after the 2000 second BSE crisis, consumption increased from 22.5 kg per capita in 2001 to 25 kg per capita in 2003. It then remained fairly stable around 24-25 kg (per capita/year) until 2007 and subsequently decreased to reach 20.7 kg per capita in 2012 (source: Associarini and Ismea). The regions of the Centre-North historically show preference for beef (red meat from adult bovines), whereas in the Southern regions veal is more valued.

In addition to the progressive decline in beef consumption over the years and partial substitution with other meat types due to perceived health issues and related to the BSE crises, since 2009 beef imports have been deeply affected by the economic crisis. According to data published by Ismea (Gfk-Eurisko Family panel), from 2011-2012 the contraction in beef imports in volume terms (-1.5%) was more important than in value terms (-0.5%), as average beef prices increased by 1.1%.

### 2.9.3.4 Trade flows

Italy is a net importer of both livestock and meat, with intra and extra-EU exports playing a minor role in total beef trade. France is Italy’s main supplier, accounting for 91% of the livestock imported for fattening (‘young bulls’) in 2013, with a further 4% and 2% being imported respectively from Ireland and Austria. France is also the main supplier of beef (23% of the total), followed by the Netherlands (17%), Poland (16%), Germany (13%) and Ireland (7%) (Istat, 2013).

About 85% of Italy’s chilled and frozen beef exports are intra-EU, with France, Germany and the Netherlands being the most important partners. Outside the EU, Russia is the largest market for Italian beef (about 7% of total beef intra and extra-EU exports in 2011), albeit decreasing in size in recent years.

### 2.9.3.5 Control system organisation

The Ministry of Agriculture (DG - Quality of Agricultural Products and Consumer Protection) is responsible for the overall supervision and co-ordination of the implementation of beef identification and compulsory labelling requirements. The ICQRF\(^{29}\), Inspectorate for the prevention of fraud of the Ministry of Agriculture is in charge of the supervision and coordination of inspections, but in reality the responsibility over controls of compliance with compulsory labelling rules is delegated to the Regional Authorities. In parallel to the regions’ control programmes, the ICQRF carries out a priority programme of checks focusing on the critical stages of the meat chain, in particular traceability and labelling in cutting halls, retail chains and traditional butchers’ shops.

Regarding the voluntary labelling schemes (approved by the Ministry of Agriculture), controls are carried out by independent bodies, all recognised by the Ministry.

However, the Ministerial Decree of 30th Aug 2000 (OJ no.268 16/11/2000), which translates (to the letter) Regulation No 1760/200 for implementation in Italy, clearly establishes that the system for voluntary labelling simply extends the compulsory labelling system through additional requirements for operators and processes. As a consequence, the two systems are closely related and control of the voluntary labelling schemes automatically permits control of compulsory labelling requirements.

---

\(^{28}\) Some of which are industrial enterprises performing slaughtering, cutting and product preparation. Few enterprises are vertically integrated and control livestock production as well.

\(^{29}\) Formally, “Ispettorato Centrale della tutela della Qualità e Repressione Frodi dei prodotti alimentari”.
2.9.4 Spain
2.9.4.1 National market sheet
The beef and veal sector in Spain is characterised by the following structure and trends:

- In 2013, Spain had the 5th largest bovine livestock in the EU-28 with almost 5.8 million heads. It has been slightly decreasing since 2004 (-12%), after a long period of development (1993 to 2003). In 2013, the bovine sector accounted for 16% of the Spanish final agrarian production linked to livestock (after the pork and dairy sectors) and less than 6% considering both agriculture and livestock sectors.

- The suckler cow herd is equivalent to 2 million heads and has also experienced a slight decline over the recent period.

- Bovine meat production represented 580,840 tonnes in 2013 corresponding to 2.2 million heads slaughtered. The production has declined by 20% since 2005. This trend is linked to the decrease of both livestock and carcass weights. Indeed, the high level of raw material prices observed since 2008 has led fattening farms to shorten their production cycles.

- The production of young cattle meat (animals slaughtered from 8 to 12 months of age) accounts for 230,000 tonnes and nearly 40% of the total national bovine meat production.

Figure 13 – Beef and veal market chain in Spain (2013)

2.9.4.2 Production system and product characteristics
The Spanish bovine sector is divided into two subsectors:

- Suckler cows farms located in the western part of Spain (Castilla y León, Extremadura and Andalucía).

- Fattening farms, with production concentrated in Cataluña and Aragón. These production systems rely on the intensive fattening of calves coming from dairy herds (on the Cantabrian coast), suckler cows’ farms or imported calves, and on a cereal and concentrate-based feed. These production systems are particularly sensitive to the increase in cereals and animal feed prices.

This results in the production of animals from 10 to 12 months of age, mainly corresponding to the meat with the commercial name ‘ternera’, which is widely consumed in Spain (the consumption of bovine ‘white’ meat and bovine ‘red’ meat being very limited in comparison to other EU countries).

There are 110 large capacity (>75 carcasses per week) and 210 small capacity (<75 carcasses per week) slaughterhouses in Spain. The largest ones are located in Aragón, Cataluña, Valencia y Castilla y León; whereas the smallest ones are located on the Cantabrian coast.

187 voluntary labelling schemes and 10 PGIs are registered for bovine meat in Spain (there are no PDOs for bovine meat).
2.9.4.3 Internal market information (price, consumption)

In 2013, Spanish producers were paid 379 EUR/100kg for R3 young bulls, which was near the European average (381 EUR/100kg); Spanish O3 cow prices were lower than the European average (243 EUR/100kg against 311 EUR/100kg). Prices rose between the 2002-2007 period and from 2007-2013, with prices increasing by +15% and +31% respectively for young bulls and cows. Consumer prices rose over the same period by +18%. Retail prices for ‘ternera’ (1st A category\(^30\)) rose by 23% between 2007 and 2013 to reach 17.6 Euros/kg in 2013\(^{31}\).

Spanish beef consumption has been declining over the past five years. This decreasing demand has benefitted less expensive meats (mainly poultry and to a lesser degree, pork): beef consumption per capita shows a 11% decrease between 2008 and 2013 (6.98 kg/capita in 2008 and 6.18 kg/capita in 2013). Bovine meat consumption is higher in the northern part of Spain (Cantabria, Basque Country and Galicia, with a consumption equivalent to 10 kg/capita).

The domestic market (excluding food services and processed meat) represented 281,000 tonnes in 2013, of which 72% are ‘ternera’ (animals slaughtered at less than 12 months old), 21% ‘añojo’ (animals slaughtered between 12 and 24 months old) and 7% older animals.

Bovine meat imports are still very often made by specialised shops (butchers’ shops), even if the market share of this type of shops tends to decrease. Butchers’ shops accounted for around 45% of total sales (in value) in 2013\(^{32}\).

2.9.4.4 Trade flows

More than 20% of the bovine meat produced in Spain is sold in the EU or in third countries. Exports were equivalent to 143,101 tonnes in 2013 and have slightly increased since 2009. Except for 2009 and 2010, the trade balance is slightly positive in volume. External imports represented 131,572 tonnes in 2013.

93% of the exports go to other EU Member States: Portugal (42%), France (17%) and Italy (16%). Sales to third countries decreased in 2013 as a result of the Russian restrictions. Russia still accounts for 30% of the Spanish bovine meat exports to third countries and Algeria accounts for 27%.

Spain also imports 456,078 live animals coming exclusively from the EU (45% from France, 12% from Romania and 10% from Germany and 10% from Poland).

2.9.4.5 Control system organisation

Regarding compulsory labelling system, the central administration is in charge of the coordination of control plans:

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

Controls are carried out by Autonomous Communities and data are centralised by the national administration. Each Autonomous Community has its own organisation with regard to services implied in the implementation of controls.

Regarding the voluntary labelling schemes, independent control bodies are in charge of controls at all stages from production to distribution. The frequency of these controls is established according to a risk analysis. These independent control bodies have to report to the competent authority on their activities, at least once a year. In case of infringements, the competent authority deals with sanctions.

\(^{30}\)There are five categories of meat, each one referring to different pieces of the animal: Extra, 1\(^{st}\) A, 1\(^{st}\) B, 2\(^{nd}\) and 3\(^{rd}\) categories.

\(^{31}\) Source: MAGRAMA

\(^{32}\) Source: MAGRAMA
2.9.5 United Kingdom

2.9.5.1 National market sheet

The beef and veal sector in the United Kingdom is characterised by the following structure and trends:

- The United Kingdom was the fourth largest producer of beef in the EU-28 in 2013 (after France, Germany and Italy) with a market share of 11.6%\(^{33}\).
- The British beef industry was severely affected by the 1996 BSE crisis, which resulted in a decline in beef consumption and a loss of intra and extra-EU export markets. As a result of various measures put into place, by 2000 domestic consumption began to recover and intra and extra-EU exports began to be steadily re-built, following the relaxation in 2006 of the restrictions put on the intra and extra-EU exports of British beef following the BSE crisis in 1996.
- The United Kingdom is highly dependent on meat imports from EU and third countries which represent 36% of the British consumption.

**Figure 14 – Beef and veal market chain in the United Kingdom (2013)**

2.9.5.2 Production system and product characteristics

The cattle sector in the United Kingdom is typical for its large number of producers; many are either Micro or Small to Medium Enterprises (SME’s) and, while concentration in the sector is changing due to modifications in the subsidy structure (i.e. CAP reform, with decoupling of direct payments from production from 2005), consolidation is still limited.

The dairy sector is an important supplier of animals for beef production, but there has been steady decline in the number of United Kingdom holdings with dairy cows, falling by 17 per cent to 26 000 in 2012\(^{34}\), while average herd sizes have increased.

It is estimated that about 38% of the beef produced in the United Kingdom in 2013 originated from calves produced by the dairy herd; a further estimated 39%, originated from specialist beef herds.

Such beef breeding herds are very important in the hills and uplands of Britain, where inferior soils and poorer climate are not suitable for growing crops and cattle and sheep are the main products. The suckler cows from these less favoured areas largely produce calves from recognised beef breeds for lowland farmers to feed for slaughter.

The remaining 23% of beef produced is derived from culled dairy and suckler cows. The traditional approach to a great deal of beef production in Great Britain has been through the short term feeding of ‘suckled calves’ or ‘store cattle’ imported from the dairy or suckler cow calf producing herds. There are various ‘systems’ of production, depending on the age of the ‘calf’ - ‘young beef animal’ - at time of import, the age at slaughter, and the feeding regime (the amount of concentrates fed versus the utilisation of grass and grass products), with most systems being grass and/or forage based.

---

\(^{33}\) Source: Eurostat

\(^{34}\) Source: DEFRA, Agricultural census
About 83% of finished prime cattle and 60% of cows are marketed on deadweight terms direct to slaughter/processing companies. The remainder will be sold through live weight markets that are also important in the sale of suckled calves, store and breeding cattle.

Of total cattle slaughterings in 2013, 63% were concentrated into 30 plants. These were owned by 7 companies, that were all major suppliers to the large multiple supermarkets and also sellers to other EU Member States or third countries.

Three of these companies were part of larger Irish owned meat business, which together with two other Irish companies that have also recently purchased abattoirs in Great Britain, form an Irish link within the British beef industry that permeates both the supermarket and export trade.

The remaining cattle were slaughtered in about 190 other abattoirs, mainly operated by individual companies throughout Great Britain.

2.9.5.3 Internal market information (price, consumption)

In 2013 British producers were paid 429 EUR/100kg for R3 young bulls, which was higher than the European average (381 EUR/100kg); British prices of O3 cows were also higher than the European average (322 EUR/100kg against 311 EUR/100kg). Prices rose between the 2002-2007 period and from 2007-2013, with prices increasing by +27% and +28% respectively for young bulls and cows. Consumer prices rose over the same period by +32%.

Total per capita consumption of beef and veal fell below 13 kg following the BSE crisis in 1996, and steadily recovered to 18.8 kg in 2010. In recent years, in response to high prices, it has fallen back to stand at 17.6 in 2013.

Of the fresh/frozen beef purchased by households, over 90% was purchased from the large multiple supermarkets, with in 2012, 75% being recorded as purchased from Tesco, Sainsbury, Asda and Morrisons.

2.9.5.4 Trade flows

The United Kingdom was 76% self-sufficient in 2013, with the majority of the imports of fresh/frozen beef and veal coming from the Irish Republic.

The United Kingdom has also steadily rebuilt its beef intra and extra-EU exports following the relaxation in 2006 of the restrictions put on the intra and extra-EU exports of British beef following the BSE crisis.

While a large volume of these exports are of carcasses and primal cuts to the Irish Republic and the Netherlands (where after cutting and packing a large volume is re-exported to markets such as France), the United Kingdom is also steadily developing exports of prime cuts of beef to other EU and world markets.

2.9.5.5 Control system organisation

The overall operation of the beef labelling scheme is controlled in England and Wales by the Rural Payments Agency (RPA) -Meat Technical Schemes (MTS) section, responsible to Defra, the British Government Ministry which is responsible for food and farming.

The RPA (with help from Local Authority staff) is responsible for checking the operation of the compulsory schemes for non-retail Food Business Operators (FBOs) licenced by the Food Standards Agency e.g. abattoirs, cutting plants, catering butchers and minced meat establishments (dealing with unprocessed minced meat), and is also the registrar and inspector for the voluntary scheme.

However, with the revocation of the rules on voluntary labelling (Regulation of the 13th December 2014), RPA is no longer responsible for these controls of voluntary schemes. If FBOs wish to continue labelling beef products with non-compulsory information, they must make sure that it meets the requirements of the general EU provisions on food information. Local Authorities, overseen by the FSA, are responsible for enforcing the compulsory beef labelling rules in retail establishments.

Defra authorises RPA Inspectors and from the Local Authorities the Trading Standards Officers and Environmental Health Officers, to carry out checks to ensure that the rules for compulsory labelling and approved labelling are being followed (officers have the right of access to premises and records).

Similar arrangements exist for Scotland (Scottish Government Rural Directorate) and Northern Ireland (Department of Agriculture and Rural Development).

35 Source : DEFRA
36 Source : Kantar World Panel
2.9.6 Ireland

2.9.6.1 National market sheet

The beef and veal sector in Ireland is characterised by the following structure and trends:

- With 6.3 million bovine animals, Ireland was the sixth largest producer of beef in the EU-28 in 2013 (after France, Germany, Italy, the United Kingdom and Spain); with a market share of 6.5%.
- The past 20 years have seen a gradual decline in the Irish dairy herd (that accounted for 80% of total cow numbers in the 1980’s) and an increase in the beef breeding herd. In recent years cattle slaughtering in the large plants has kept on fluctuating. The main reason for some of the massive fluctuations year to year is due to live intra and extra-EU exports of calves. In 2012, cattle slaughtering were down due to a large number of calves sold in 2010.
- The Irish beef industry is very important to the Irish economy, due in part to its size and to its export orientation: around 90% of its total production is sold in other Member States or third countries (53% is sold to the United Kingdom).

Figure 15 – Beef and veal market chain in Ireland (2013)

2.9.6.2 Production system and product characteristics

The meat industry is an important sector of the agricultural economy in Ireland and beef production is the dominant enterprise on most Irish farms.

The beef cattle supply chain incorporates both dairy and beef herds, that produce calves sold as ‘suckled calves’ or ‘store cattle’ to other farmers for finishing, as well as more integrated breeding, rearing and finishing units. The average size of farms has increased over time and is today larger than the EU average. Production is largely grass based, thus supply can be seasonal with a large proportion of cattle slaughtered in the autumn to minimise feed costs.

Similar to that in Great Britain and Northern Ireland, it is largely a grass/forage-based production system, characterised by a large number of Micro or SME producers. Calves for the production of prime beef are derived from the dairy and beef cow herds, while the production of beef from cull dairy and cull cows accounts for about 20% of Irish production. In Ireland, as in the United Kingdom, a majority (60.1 % and 66.3 % respectively) of the beef that was produced in 2012 came from either steers or heifers.\(^{37}\)

It was estimated in 2010 that three companies based in the Ireland ABP, Dawn and Kepak, accounted for about 57% of the total cattle slaughtering in EU licensed plants in Ireland. Taken together with the IR plants now operated by the three Northern Ireland based companies of Dunbia, Linden and Foyle, these 6 companies are estimated to account for over 75% of the total IR cattle slaughtering in EU licensed plants and are the predominant suppliers.

However, the total beef throughput of these companies would be higher than this because it is believed that a large volume of the beef sold from the United Kingdom to Ireland would also go to/through companies in these groups.

\(^{37}\) Source : BordBia
2.9.6.3 Internal market information (price, consumption)

In 2013, Irish producers were paid 398 EUR/100kg for R3 young bulls, which was above the European average (381 EUR/100kg): Irish O3 cow prices were a bit higher than the European average (325 EUR/100kg against 311 EUR/100kg). Prices rose between the 2002-2007 period and from 2007-2013, with prices increasing by +22% and +38% respectively for young bulls and cows.

Total per capita consumption of beef and veal was as high as 21.3 kg per head in 2004-2006 but has fallen back to 18.9 kg/head due to the economic down-turn. However due to the small population, the total domestic market for beef is small compared to the major EU countries.

From 1992 to 2011, Irish beef consumption grew steadily (even through the second BSE crisis). A decline seems to have started in 2012. Per capita consumption was 17 kg per capita in 1992 and 19 kg in 2013.

2.9.6.4 Trade flows

The Irish Republic was over 200% self-sufficient in beef production in 2013. It sells around 90% of its total production, which includes most of the beef that is imported, mainly from the United Kingdom, which is cut/packed in Ireland and then re-sold in the EU or in third countries. Over 53% of beef exports are to the United Kingdom, with 45% to other EU markets and the remaining small but growing proportion to other international markets.

As a result, developments in the British beef production have the potential to have an impact on the situation in Ireland, since the United Kingdom market accounts for around half of Irish beef exports.

2.9.6.5 Control system organisation

The overall operation of the beef labelling scheme is overseen by the Food Safety Authority of Ireland (FSAI) who produces guidance notes, requiring, as per the EU requirement, a mandatory traceability and origin labelling for beef from slaughterhouse to point of sale to consumers.

The FSAI, as the central competent authority, contracts the DAFM (Department of Agriculture, Food, and Marine) officers. The FSAI uses their veterinary inspectors to enforce all the fresh meat regulations, including beef labelling, in the slaughter industry under service contract to the FSAI. These Regulations are included in the service contracts with the Department of Agriculture, Food and Marine (DAFM), Local Authorities and the Health Service Executive (HSE).

Officers are authorised by DAFM (veterinary inspectors in all meat plants), by local authorities (veterinary inspectors in abattoirs and meat processing plants producing solely for the domestic market), and by the Environmental Health Officers (EHOs) in retail butcher’s shops, catering outlets and meat distribution centres. EHOs are also authorised under the General Labelling Regulations.

The Department of Health carry out inspections on retail labelling. They will check compliance of mandatory and voluntary labelling. This is paid for by the Irish Government.

Authorised officers may enter premises and inspect records. An authorised officer may require the removal from the market of beef or beef products which do not comply with the compulsory beef labelling system; or bear voluntary labelling claims which have not been approved by DAFM; or do not conform to their labels, until they are re-labelled in conformity with the Regulations.
2.9.7 Poland

2.9.7.1 National market sheet

The beef and veal sector in Poland is characterised by the following structure and trends:

- In 2013, the cattle population of Poland accounted for about 6% of the total cattle population in the EU-28 and in 2010-2012 beef production amounted to 5% of the beef produced in all Member States.

- In recent years, a noticeable reduction in cattle, mainly in the cow population, has been observed. This tendency was partly halted in 2013 when the total cattle population increased by 1.3%, compared to the previous year.

- Polish beef is still price-competitive in the EU. The intra and extra-EU exports of beef products in the last 10 years have nearly doubled. Due to very low domestic demand, beef cattle breeding and production depend mainly on exports.

2.9.7.2 Production system and product characteristics

Polish beef is produced mainly in a semi-intensive system using feed from permanent grasslands. Big areas of grasslands and fallow lands in Poland offer the possibility of future development in beef production. The main limiting factors are the variable and still relatively low profitability, low concentration of herds, low domestic consumption, as well as differentiation of fattening systems resulting in insufficient homogeneity of carcasses and beef.

The main characteristic of cattle breeding in Poland is a considerable fragmentation of herds. The highest share (64.7%) is made up of farms with 1-9 heads. Farms with 10-49 heads constitute 30.7% and farms with more than 50 heads represent 4.6% of all cattle farms.

Most beef is produced from dairy breeds (mainly Holstein-Friesian). The number of suckler cows (beef and crossbred) is increasing but still accounts for only 5.8% of the total cow population. In the slaughtering structure, young bulls dominate (about 50%), then come cows and heifers. The growth (at an annual rate of 16.5%) of the herds of suckler cows indicates the interest of farmers in slaughter cattle production. About 15% of dairy cows are inseminated with the semen of beef bulls (mainly Limousin - 47% and Simmental - 23%).

While a progressive concentration of beef production and cattle slaughtering can be observed, the linkage between producers and the meat industry is weak. The market is still dominated by intermediaries, which negatively affects producers’ profits and does not favour beef quality improvement. In 2013, the market share of the 79 biggest slaughterhouses was approximately 35%.

2.9.7.3 Internal market information (price, consumption)

In 2013, Polish producers were paid 309 EUR/100kg for R3 young bulls, which was lower than the European average (381 EUR/100kg); Polish O3 cow prices also lower than the European average (267 EUR/100kg against 311 EUR/100kg). Prices rose between the 2002-2007 period and from 2007-2013, with prices increasing by +27% and +31% respectively for young bulls and cows. Consumer prices rose by +18% over the same period.
The purchase prices of slaughter cattle primarily depend on the situation on the EU market and the currency exchange rate (PLN to EUR). In 2013, after two years of high growth, procurement prices decreased slightly as a result of increased domestic supply (by 22.2% compared with 2012), and lower prices in the EU. At the end of 2013, the average market price of beef carcasses was approx. 30-40% lower than in the EU-28. In 2014, this difference decreased to about 17%.

Beef consumption in Poland is very low and has decreased from 7.1 kg per capita in 2000, 3.9 kg in 2005, to 1.5 kg in 2013\(^{38}\). Such low levels result from relatively high retail prices and the insufficient purchasing power of the consumers. In 2005-2013, beef prices increased by 63% which was much more than was the case for other kinds of meat (pork, poultry). In 2013, live weight prices of cattle were 15% higher than pig prices and by 46% than of poultry, while beef prices were about 70% higher than pork and 248% higher than poultry.

### 2.9.7.4 Trade flows

Almost 85% of the beef produced in Poland is sold in other Member States or in third countries. About 90% of beef is sold to the EU, mainly to Italy, Germany, the Netherlands, Spain and France. The dominant position (85%) in the export structure is held by chilled and frozen beef. In 2013, Polish prices were about 19% lower than the EU-28 average.

Imports of beef increased by approximately 9% in 2013 compared to 2012. The largest suppliers of chilled or frozen beef were Germany, Ireland, Slovakia, the United Kingdom and the Czech Republic. A significant increase in imports of beef products resulted in a reduction in the positive balance of foreign trade in the beef sector to approximately 624.2 million EUR.

In the last four years, intra and extra-EU exports of Polish calves and young cattle for fattening have decreased. In 2013, this was about 25% lower compared to 2012. The main markets were the EU countries (the Netherlands, Italy, Spain). Live animals (calves) are imported primarily from EU-12 countries, mainly from Lithuania.

### 2.9.7.5 Control system organisation

The Act of 21st December 2000 on agricultural product quality\(^{39}\) defines the body responsible for controls and sanctions. The institutions responsible for controls at the different marketing stages are:

- **Breeding:** Inspekcja Weterynaryjna (Veterinary Inspection)
- **Slaughterhouses:** Inspekcja Jakości Handlowej Artykułów Rolno-Spożywczych (Agricultural and Food Quality Inspection); Inspekcja Weterynaryjna (Veterinary Inspection).
- **Processing plants:** Inspekcja Jakości Handlowej Artykułów Rolno-Spożywczych (Agricultural and Food Quality Inspection); Inspekcja Weterynaryjna (Veterinary Inspection).
- **Retail stage:** Urząd Ochrony Konkurencji i Konsumenta, Departament Inspekcji Handlowej (Office of Competition and Consumer Protection, Department of Trade Inspection).

The QMP (Quality Meat Programme) was introduced to increase the beef consumption (particularly so-called culinary beef from young animals) in Poland. It is a set of rules defining the process of beef production, from determining the best breeds for high quality meat, to the way in which it is packaged and labelled. The Programme was created and supervised by the Polish Association of Beef Cattle Producers. In 2008, it was recognised by the Ministry of Agriculture as the official national system of food quality.

Regarding the control of voluntary labelling schemes:

- **Beef quality produced under the QMP programme is certified by a private certification body (EKOGWARANCJA PTRE Ltd).** Besides the QMP programme, since 2013, two programmes for beef promotion on the markets outside EU have been developed: 'Tradition and quality of European meat’ and 'European meat - tradition, quality and taste’ operate in Poland. EKOGWARANCJA Ltd. is also authorized by the Polish Association of Beef Cattle Producers to deal with the control and certification of these labels.
- **Controls of the use of TFF\(^{40}\) brand are performed by the Agricultural and Food Quality Inspection.** Inspections are unplanned. There are no specific controls on the use of the Try Fine Food mark. Controls of the use of this brand are carried out during the routine quality control of agri-food articles, usually at least once a year.

---

38 Central Statistical Office
39 Consolidated version in OJ 2005, 187, 1577
40 TFF: Try Fine Food
3 External factors

External factors, beyond the EU beef origin labelling rules, may have affected, positively or negatively, the expected effects of the policy, i.e. ensuring the confidence of EU consumers in beef and, consequently, maintaining the equilibrium of the EU’s beef supply chains.

This analysis of external factors aims at isolating the direct (specific) effects of the EU beef origin labelling rules from those of other factors that might have produced cumulative and/or antagonistic effects during the period subject to evaluation (e.g. factors having amplified or reduced the effects of the BSE crises).

Different factors are taken into consideration, related to the demand evolution in quantitative and qualitative terms, and to the evolution of the European cow herd, CAP supports and international trade.

3.1 Demand evolution

3.1.1 Quantitative aspects

The main trend of the demand in meat and meat products is an increase in global meat consumption (roughly a 50% raise in twenty years, as shown in Figure 9, below); this change is largely due to the rising demand in emerging countries.

Global beef and veal demand also increased from 2001 to 2007. Then it remained steady until 2013. Consumption habits and prices have benefitted to “white meat” (pork and poultry); while religious rules to poultry only.

Furthermore, the stagnation in global beef and veal demand is partly a consequence of the decrease in the EU–28 beef and veal demand that seems to be structural, as from 2007 (consumption recorded a 10% drop between 2007 and 2013).

From 2007 to 2013, the total meat consumption has decreased in the EU, but it is largely due to the beef and veal trends as the demand for white meats has slightly increased.

Figure 17 – Evolution of global and EU consumption of meat, and of beef and veal

(Index – 1995=100)

Source: OECD/FAO

Concerning the evolution of the European consumption for each type of meat, different trends can be observed.

First, the overall consumption of meat in Europe has increased over this long period, mainly because of the accession of the new Member States; while the demand in the EU-15 Member States has been decreasing or stagnating.
Secondly, the demand for red meat has decreased\(^{41}\) while the demand for white meat has remained stable. Poultry and pork meat is cheaper and better adapted to secondary processing and new Member States consumption habits are characterised by the large importance of pork and a rising demand for poultry meat.

**Figure 18 – Evolution of European consumption of each type of meat (1000 tonnes)**

Younger generations do not eat as much meat, especially beef and veal, as their elders. This can be explained by economic reasons, such as higher prices for meat and meat products due to the higher cost of raw materials (soybean, cereals) used for feed, and by the fact that beef and veal prices have risen faster than white meat prices.

A number of other factors explain these structural trends. For instance, changes in lifestyles have lead people to dedicate less time to food functions (purchasing, cooking, and eating). That is why the demand has shifted from fresh meat to processed products. Also white meats are more suited to the production of ready dishes (for technical and economic reasons). The image of the meat has been negatively affected by food crises (BSE, Avian Flu, Dioxin, Horse meat scandal) and by the environmental discourse blaming cattle’s responsibility for greenhouse gas production.

### 3.1.2 Qualitative aspects

What are the consumers’ motivations in meat purchasing? Answers to this question may contribute to enlightening the analysis of the beef and veal market evolution.

A recent study for DG SANTE (Consumer Market Study on the Functioning of the meat market for consumers in the European Union, 2009) described the influences in the motivations of the European consumers when purchasing meat.

The findings of this study insist on the fact that some basic key elements drive the decisions when buying fresh food: sensory cues (‘the meat looks fresh’ / ‘the meat looks tasty’ / ‘the meat is displayed hygienically’), price (‘the price is reasonable’/ ‘the price is affordable’) and origin (‘the meat is produced in my country’).

More precisely, the study reports that a large majority of EU consumers pay attention to the use by/best before date (68%), the price (67%) and the price per kilogram (67%).

Other aspects looked at by consumers are country of origin (48%), producer’ name (44%), ingredients (32%), origin certifications (26%), animal welfare certifications (22%) and the nutritional values (21%).

---

\(^{41}\) The overall volume of beef and veal has remained stable although the European population has increased over this period which means that the demand for red meat has decreased.
Consumers are least interested in labels indicating that meat has been slaughtered according to religious rites (8%); has been made from combined meat pieces (12%); holds environment/climate certifications (12%); has been raised on GMO-free feed (17%); holds organic certifications (18%); or makes nutritional claims (18%).

These results show that the question of the origin ranks third only among a large range of consumers motivations, but that price ranks second. These external drivers have defined the debate over one of the important aspect of the beef labelling rules: the indication of origin. On the one hand, this is an expectation of nearly one consumer out of two, but it is important to determine if the labelling cost is too high or not and, if this extra cost is not a brake on beef and veal purchases.

3.2 Supply evolution

3.2.1 The long term decline of the cow herd

Table 14 - Dairy and non-dairy cow herd evolution in the EU (25/27) from 2000 to 2013

(Thousands of heads)

<table>
<thead>
<tr>
<th>Year</th>
<th>Non Dairy</th>
<th>Dairy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>12,2</td>
<td>25,3</td>
</tr>
<tr>
<td>2001</td>
<td>12,2</td>
<td>26,9</td>
</tr>
<tr>
<td>2002</td>
<td>12,1</td>
<td>26,4</td>
</tr>
<tr>
<td>2003</td>
<td>12,0</td>
<td>24,3</td>
</tr>
<tr>
<td>2004</td>
<td>12,1</td>
<td>25,2</td>
</tr>
<tr>
<td>2005</td>
<td>12,1</td>
<td>24,7</td>
</tr>
<tr>
<td>2006</td>
<td>12,1</td>
<td>24,2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Non Dairy</th>
<th>Dairy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>12,5</td>
<td>24,1</td>
</tr>
<tr>
<td>2008</td>
<td>12,4</td>
<td>24,2</td>
</tr>
<tr>
<td>2009</td>
<td>12,4</td>
<td>23,6</td>
</tr>
<tr>
<td>2010</td>
<td>12,4</td>
<td>23,1</td>
</tr>
<tr>
<td>2011</td>
<td>12,2</td>
<td>22,9</td>
</tr>
<tr>
<td>2012</td>
<td>12,0</td>
<td>23,0</td>
</tr>
<tr>
<td>2013</td>
<td>11,9</td>
<td>23,0</td>
</tr>
</tbody>
</table>

Source: DG AGRI from Eurostat – new cronos / Eurostat

The cow herd determines the production potential for meat. From 2000 to 2013 the cow herd changed as follows:

- The number of suckler (or non-dairy) cows remained stable throughout the period; this may be due to the fact that non-dairy cow breeders are among the last EU farmers who receive direct coupled payments\(^2\); furthermore, this kind of farming may also receive additional support, in several Member States where it addresses ‘quality schemes’ (including in Spain and Italy).

- The number of dairy cows fluctuated from 2000 to 2004 and has decreased since then; from 2005 to 2008, this was a slow decline, which accelerated from 2009. There were 10% fewer cows in 2012 than in 2000. This long term trend is explained by the rise in dairy cow herd milk productivity. Until the present time, the growth in milk production has not deviated from this trend.

Thus, the production potential (the total number of cows, dairy and non-dairy) was reduced by 7% at the EU-25/27 level between 2000 and 2012.

---

3.2.2 CAP measures
As said in the previous paragraph, some Member States have chosen to maintain coupled supports to suckler cows.

The other important CAP measure is the maintaining of customs duties for food imported from third countries. The amount of these duties is 12.8% ad valorem plus 1,768 euro / tonne cwe. Quotas with reduced duties are granted to several third countries.

3.2.3 Evolution of trade with third countries due to sanitary reasons
Pursuant to Article 1 and Article 4.3 of Regulation (EC) No 1760/2000, any animal imported from a third country has to pass the checks laid down in Directive 91/496/EEC before entering the European common market, and comply with the European identification and registration systems for bovine animals. This directive lays down the principles governing the organisation of veterinary checks on animals entering the Community from third countries.

However, foot and mouth disease outbreaks occurred in 2005 in South America.

From 2005 to the present time, EU sanitary authorities have made evidence-based decisions to restrict Brazilian beef imports.

This Brazilian sanitary crisis explains the evolution of the imports from Brazil to the European Union as shown in the table below. The European market was affected, particularly given the high share of Brazilian beef within third country imports. In 2006, Brazilian beef exported to the European Union reached its highest volume with 460,500 tonnes representing a share of 74% of third country imports. This share had fallen by 28% by 2013 but was still at 45% (147,900 tonnes out of 328.700). The share of beef from third countries in the overall European beef consumption therefore also fell (to 4.4% in 2013), down from a high of 7.3% in 2006.

These events partly explain the European market evolutions as previously described in part 3 of this report regarding the beef market chain: that is to say a decreasing beef offer leading to higher price; which resulted in a decrease in consumption.

Table 15 – Evolution of imports to the European Union of beef coming from third countries between 2001 and 2013 in 1,000 tonnes

<table>
<thead>
<tr>
<th></th>
<th>EU-28 consumption</th>
<th>Total imports from third countries</th>
<th>Brazil</th>
<th>Argentina</th>
<th>Uruguay</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>7,983</td>
<td>354.7</td>
<td>231.7</td>
<td>37.1</td>
<td>24.6</td>
<td>61.3</td>
</tr>
<tr>
<td>2002</td>
<td>8,221</td>
<td>459.3</td>
<td>252.8</td>
<td>117.6</td>
<td>45.3</td>
<td>43.5</td>
</tr>
<tr>
<td>2003</td>
<td>8,340</td>
<td>471.9</td>
<td>292.7</td>
<td>107.6</td>
<td>29.9</td>
<td>41.7</td>
</tr>
<tr>
<td>2004</td>
<td>8,571</td>
<td>552.2</td>
<td>354.0</td>
<td>129.5</td>
<td>26.7</td>
<td>42.0</td>
</tr>
<tr>
<td>2005</td>
<td>8,525</td>
<td>619.0</td>
<td>429.3</td>
<td>116.2</td>
<td>32.5</td>
<td>41.1</td>
</tr>
<tr>
<td>2006</td>
<td>8,599</td>
<td>625.4</td>
<td>460.5</td>
<td>85.8</td>
<td>40.6</td>
<td>38.5</td>
</tr>
<tr>
<td>2007</td>
<td>8,652</td>
<td>552.4</td>
<td>371.4</td>
<td>94.0</td>
<td>39.9</td>
<td>47.1</td>
</tr>
<tr>
<td>2008</td>
<td>8,337</td>
<td>390.7</td>
<td>176.0</td>
<td>90.9</td>
<td>65.1</td>
<td>58.7</td>
</tr>
<tr>
<td>2009</td>
<td>8,259</td>
<td>424.7</td>
<td>153.6</td>
<td>118.9</td>
<td>79.4</td>
<td>72.7</td>
</tr>
<tr>
<td>2010</td>
<td>8,181</td>
<td>373.8</td>
<td>148.3</td>
<td>76.3</td>
<td>65.8</td>
<td>83.4</td>
</tr>
<tr>
<td>2011</td>
<td>8,011</td>
<td>317.9</td>
<td>128.5</td>
<td>62.9</td>
<td>51.1</td>
<td>75.4</td>
</tr>
<tr>
<td>2012</td>
<td>7,773</td>
<td>302.3</td>
<td>128.8</td>
<td>51.9</td>
<td>51.8</td>
<td>69.8</td>
</tr>
<tr>
<td>2013</td>
<td>7,532</td>
<td>328.7</td>
<td>147.9</td>
<td>48.0</td>
<td>51.3</td>
<td>81.4</td>
</tr>
</tbody>
</table>

Source: Eurostat

4 Methodological approach

4.1 Methodological aspects

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

- Structuring;
- Observing;
- Analysing;
- Judging.

4.1.1 Structuring phase

The structuring phase is the foundation for the evaluation study. It helps 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 to finalise the working schedule of subsequent tasks. The following structuring elements has been elaborated, according to the tender specifications.

4.1.1.1 Refining 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 understand the logic of Title 2 of Regulation (EC) No 1760 / 200 and its subsequent amendments in 2007 and 2014.

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

4.1.2 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: slaughtering, internal and external trade, prices at farm gate;
- National consumption, calculated by expert bodies (AMI and FAM);
- Retail prices from national statistics


From 1992 to 2002 it follows the events i.e. BSE crises and adoption of the regulations. As a reminder, the first BSE crisis began in March 1996 and lasted until the end of that year, the Regulation (EC) No 820/1997 was adopted in April 1997, the second BSE crisis began in November 2000 and lasted until August 2001, Regulation (EC) No 1760/2000 was adopted in July 2000 and Regulation (EC) 1825/2000 in August 2000 (that is to say just before the second crisis). From 2002 to 2013, there was no sanitary crises that is why we divide this twelve years period into two: before and after the adoption of Regulation No 275/2007.

To make easy the reading of the analyses we have adopted the following writing’ rules:

<table>
<thead>
<tr>
<th>Period</th>
<th>Tables</th>
<th>Charts</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-1996</td>
<td>P1 before the crises (92-96)</td>
<td>Period 1</td>
<td>Period 1 (before the BSE crises)</td>
</tr>
<tr>
<td>1996</td>
<td>1st BSE crisis (96)</td>
<td>BSE 1</td>
<td>1st BSE crisis</td>
</tr>
<tr>
<td>1997-1999</td>
<td>P2 between crises (97-99)</td>
<td>Period 2</td>
<td>Period 2 (between the crises)</td>
</tr>
<tr>
<td>2000-2001</td>
<td>2nd BSE crises (00-01)</td>
<td>BSE 2</td>
<td>Second BSE crisis</td>
</tr>
<tr>
<td>2002-2007</td>
<td>P3 post crises (02-07)</td>
<td>Period 3</td>
<td>Period 3 (post crises)</td>
</tr>
<tr>
<td>2008-2013</td>
<td>P4 recent times (08-13)</td>
<td>Period 4</td>
<td>Period 4 (recent times)</td>
</tr>
</tbody>
</table>
4.1.1.3 First approach to the evaluation questions

The evaluation 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 evaluation questions and the indicators that will inform these criteria.

4.1.2 Collecting phase

Data collection begins with the structuring phase during which key contacts are made with national authorities, professional organisations and within the seven Member States on which the evaluation will focus.

These initial interviews, conducted by local experts from a homogeneous framework of questions for the seven Member States, are a means of collecting useful information.

During the collecting phase, two kinds of complementary interviews were undertaken:

1) Interviews among industrial and professional actors:
   - Meat companies
   - Mass retailers
   - Consumer organisations
   - Control bodies

In total 60 interviews were completed.

2) Finally, 14 consumer focus groups were conducted (two each in Germany, the United Kingdom, Ireland, Poland, Spain France and Italy).

4.1.3 Analysis phase

This phase aims at developing the responses to the six evaluation questions. It is the core of the whole evaluation study. Eight national case studies, fed the evaluation questions (they are not published).

Answers to the evaluation questions form the basis of the final judgement, from which final conclusions and recommendations come.

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

The analysis section will detail:
   - Assumptions used in the analysis;
   - The reasoning in answers according to 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 EU beef labelling rules.

This judgement is based on the analysis of the answers given to each evaluation 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 Cost analysis

Our interviews with national professional bodies and companies’ representative suggest that the question of ‘extra costs’ caused by traceability labelling does not depend on the physical costs of labelling nor on the computerised management of the controls and labelling schemes. Another theory examined was whether the extra costs related to national origin rules (and the resulting renationalisation of the market) has caused an increase in the price of raw materials (live cattle and carcasses). This hypothesis was not confirmed and, furthermore, statistics show that the share of imported beef has increased in all seven of the Member States we focused on.

In contrast, another extra cost source has been alluded to by some of the interviewees: batch management. There are technical problems when operators deal with raw material batches from different origins and because the most cost-efficient approach for operators would be to mix batches; but, the labelling rules limit their ability to do this.
Strong methodological limits challenge in quantifying the costs to economic operators. According to the statements of the interviewees, this cost is rarely measured. That is why on the one hand we based our reasoning on the rare data we collected and the other hand we assume that our calculation are theoretical, indeed they are not based on a large collection of individual analysis.

4.2.2 Causal relationships

As set out in section 2 above ('beef market chain'), the beef economy has seen important changes during the period subject to this study: a rise in retail prices, a decrease in production, a rise and then fall in imports from third countries, a rise in internal trade, and fluctuations in farm prices.

Has the decrease in consumption, during the most recent period, been caused by the simplification of traceability labelling, by the increase in retail prices, or by the decrease in purchasing power?

Through close scrutiny of the available data, it is possible to explain these market trends and to crosscut statistical analysis and qualitative data. In some cases, it remains nevertheless impossible to affirm the existence of certain causal relationships.
PART B: EVALUATION QUESTIONS

5 Theme 1 – Market effects: Evaluation Question 1

Evaluation Question 1: To what extent have the compulsory beef labelling rules affected the market in beef in terms of:

a) numbers of bovine animals;
b) prices of bovine animals;
c) quantity of beef production;
d) prices of beef;
e) internal and external trade in bovine animals and beef.

Definition of the key terms

The key terms of the question are:

- Compulsory beef labelling rules;
- Affected the market in beef;
- Numbers of bovine animals;
- Prices of bovine animals;
- Quantity of beef;
- Prices of beef;
- Internal and external trade in bovine animals and beef.


These articles state that the labels must comply with the following rules.

  o (a) the reference number or reference code ensuring the link between the meat and the animal or animals. This number may be the identification number of the individual animal from which the beef was derived or the identification number relating to a group of animals;
  o (b) the approval number of the slaughterhouse at which the animal or group of animals was slaughtered and the Member State or third country in which the slaughterhouse is established. The indication shall read: ‘Slaughtered in (name of the Member State or third country) (approval number)’;
  o (c) the approval number of the cutting hall which performed the cutting operation on the carcass or group of carcasses and the Member State or third country in which the hall is established. The indication shall read: ‘Cutting in: (name of the Member State or third country) (approval number)’.

- As from 1 January 2002, operators and organisations shall also indicate on the labels:
  o (i) Member State or third country of birth; (ii) all Member States or third countries where fattening took place; (iii) Member State or third country where slaughter took place. However, where the beef is derived from animals born, raised and slaughtered:
    - (i) in the same Member State, the indication may be given as ‘Origin: (name of Member State)’;
    - (ii) in the same third country, the indication may be given as ‘Origin: (name of third country)’.

- (Art 14 – 1760/2000)

This article contains derogations from the general rules, especially for minced meat.
• (Art15 – 1760/2000)
This article states derogations to the general rules for meat imported from third countries.

Regulation No 1825/2000 establishes detailed rules for the application of Regulation (EC) No 1760/2000. Article 2 concerns labelling when the approval number of the slaughterhouse or of the cutting plant is not available/does not exist; it also gives stipulations for cases where animals are imported live from third countries. Article 5 gives detailed rules for the labelling of minced meat.

Regulation No 275/2007 aims at simplifying traceability and labelling rules, for operators and organisations. It offers the possibility to manage batches instead of single carcases or quarters and to mix in the same batch meats from up to three slaughterhouses and/or from three cutting plants. In this case, the label on the final product has to indicate all the related approval numbers. These changes allow pre-packaged cuts processors and butchers’ shop suppliers to apply the same methods used by minced meat producers.

‘Affected the market in beef’ means ‘has had a significant influence on the beef market’.

This influence relates to the demand side as labelling is a promotional tool, aimed at increasing the demand for a product. The objective of compulsory beef labelling (together with traceability rules) was to reassure consumers in order to remove fears about beef and beef products after the BSE crises.

It has been demonstrated in the descriptive chapter of the study that the beef market recovered in late 2001 and 2002. The question is to understand how important the role played by compulsory labelling was in restoring consumer confidence. Some other factors may have caused the same evolution: media disinterest, voluntary labelling (and especially national origin branding), retailers’ private labelling, and other public measures such as systematic BSE tests in the slaughterhouses.

Information on the number of bovine animals is available through the results of the annual census made by the Member States and whose figures are consolidated by the Commission services (DG AGRI). The bovine herd is divided into several categories: milk cows, suckler cows, other adult bovines, calves and young cattle. Cow herd is a classic indicator for the analysis of the mid- to long-term evolution of the bovine herd, as the number of cows determines the production potential. As milk cows are more numerous than suckler cows (63%, according to DG AGRI 2013 data), the long term evolution of the bovine herd depends more on the milk market than on the meat market. In the short and medium terms, one can analyse the evolution of bovine animals aged between one and two years which reflects the fattening activity.

Prices of bovine animals can be established through the prices at slaughterhouse gate. These data are collected by Member States and the results are compiled by Eurostat. Prices are expressed in euro per quantity of carcass (e.g. euro / tonnes carcass weight equivalent) and reflect the amount paid by the first processor to the breeder or to the livestock trader. Thus prices vary depending on cattle categories: cow, veal-calve, young bull, heifer, and ox and depending on the quality. In this study, the analysis will focus on the price series of ‘O3 cow’ and ‘R3 young bull’ which are the most representative categories.

Quantity of beef is measured by the volume of meat produced by the slaughterhouses. Beef production is only partially programmed; breeders can decide whether or not to sell animals to slaughtering companies depending on prices, on their own cash flow needs or forage stocks. On the other hand, if demand is low, slaughtering companies have to adjust their activity; thus the slaughtering volume reflects the market evolution. During the BSE crisis, demand fell sharply and the usual adjustments were not effective anymore, that is why the EU proceeded to making public purchases; during this short period, the volumes slaughtered also included the intervention purchase volumes.

[44 The aim of the Beef Carcases Classification Scheme is to ensure a common classification standard throughout the European Union. This enables the EU to operate a standardised beef price reporting system. From late 2004, most beef carcases are classified by mechanical means. Department licensed factory employees classify the balance. The criteria for classifying are as follows: Conformation (the shape and development of the carcases): S, E, R, O, P with S being the best and P the poorest; Fat: the degree of fat is denoted by the numbers 1, 2, 3, 4, 5 in order of increasing fatness; Gender and age category: denoted by the letters Z (carcases of animals aged from 8 months to less than 12 months); A (young bull), B (bull), C (steer), D (cow) and E (heifer). See Annex IV of EU Regulation No 1308/2013.]
**Prices of beef** correspond to retail prices; as beef is a basic product, national statistical systems publish beef prices series or price indexes on a yearly basis. This kind of data is available in the United Kingdom, France, Germany, Spain, Ireland and Italy.

**Internal and external trade in bovine animals and ‘beef’**; this covers several flows. The WTO agreement is the main framework for external flows, imports from third countries are handicapped by tariffs (1500 €/t cwe for most products) and their tariff quotas (that allow defined volumes to be imported in the EU); intra and extra-EU exports are limited by sanitary barriers (especially foot and mouth disease and, after 1996 and 2000, BSE) and price competitiveness failures. Inside the EU, the following flows are important: calves, weanlings, fattened young bulls and heifers, carcasses, quarters, and cuts. As most national retailers and meat companies reacted to the crisis by offering national meat to consumers, the question of internal trade is important: origin labelling might have led to a renationalisation of the Member States’ own markets and, thus, pushed up prices. Internal trade data are available through Eurostat.

**Understanding of the question**

First of all, the answer to this evaluation question has to distinguish clearly between different periods within the examination period. We have isolated four periods (see descriptive part): 1992 -1995 (before the first BSE crisis); 1997-1999 (between the two crises); 2002-2007 (after the crises); and 2008-2013 (from the last labelling Regulation to the present). It is essential to keep this distinction in mind in order to nuance the answers to the following sub-questions:

a) Effects on demand. To what extent have the compulsory beef labelling rules contributed to a recovery in the EU internal beef demand following the 2000 BSE crisis? From 2002 to the present time, has compulsory beef labelling contributed to curb the decline in beef demand and consumption?

b) Internal trade and renationalisation of markets. How has internal trade in bovine animals and beef carcasses and cuts evolved? Did origin labelling encourage the consumption of beef of national origin in each Member State, just after the 2000 BSE crisis? Has origin labelling encouraged renationalisation i.e. single national markets from 2002 to the present time? In this case, have prices for bovine animals and beef been affected by a reduction in commercial scope?

c) Effects on retail prices and on the price of animals. To what extent has the price of beef been impacted by compulsory labelling? Have traceability and labelling costs been taken into account in retail prices? Have carcasses prices been influenced by retail prices?

d) Effects on quantity of beef and effects on the number of bovine animals. Any increase or decrease in the slaughtering of bovine animals (calves, young cattle, cows, young bulls, heifers, and oxen) depends, partly, on the demand and on the price. For this reason, we will examine how the influence of compulsory beef labelling on demand and price in beef has affected the volume of animals slaughtered. The herd evolution is, partially, a result of market conditions; if the prices paid for fattened bovine are too low or if the demand is too weak, fattening farms will lower their activity. Furthermore, external factors (milk economy, forage prices, changes in CAP direct support) play an important role in the generation of farmers’ revenue. Finally, it is necessary to examine whether demand for meat, price of meat, and quantity slaughtered may have had an influence on the numbers of bovine animals in fattening farms and, indirectly on the suckler cow herd.

**Judgement criteria and indicators**

The table on the next page presents the criteria for judgment and the corresponding indicators. Firstly, the evolution of aspects such as supply, prices, quality and satisfaction are addressed. Then, we try to establish causal connections between these tendencies and the object of the analysis, i.e, the beef labelling rules. The answer to Evaluation Question 1 is based on a convergence of quantitative data and qualitative indications based on the answers of stakeholders during the interviews.
### Table 17 – Judgment criteria and indicators for Evaluation Question 1

<table>
<thead>
<tr>
<th>Sub-questions</th>
<th>Judgement Criteria</th>
<th>Indicators</th>
<th>Sources</th>
<th>Limits</th>
</tr>
</thead>
</table>
| 1 - To what extent did compulsory beef labelling a) contribute to the recovery in internal beef demand after the 2000 BSE crisis? b) contribute to curb the decline in beef demand and consumption from 2002 to the present? | - Demand recovered after the implementation of CBL.  
- Qualitative analyses show that CBL contributed to restoring consumer confidence | 1) Changes in beef consumption  
2) Stakeholders’ opinions  
3) Findings from consumer focus groups | DG AGRI – Eurostat Survey of National Authorities (NA) professional bodies, processing companies and mass retailers Focus groups | Subjectivity of qualitative analyses |
| 2- Did origin labelling encouraged the consumption of ‘national’ beef in each Member State, immediately after the 2000 BSE crisis and during the following periods?  
If so, have the prices for bovine animal and beef been affected by the reduction of commercial scope? | - Importance of imported beef in each national market  
- Importance of internal trade vs EU production  
- Qualitative analyses show that national origin was an important purchase criterion in the early 2000’s and since 2002 | 4) Share of imports in consumption in each MS  
5) Ratio internal trade / slaughtering (EU level)  
6) Stakeholders’ opinions | Eurostat – Comext Survey of mass retailers Survey of the meat industry | - |
| 3 - To what extent have the prices of beef been impacted by CBL? Are traceability and labelling costs taken into account in retail prices? Have carcass prices been influenced by retail prices? | - Prices at slaughterhouse gate and retail prices have diverged (or not diverged)  
- Meat companies and mass retailers recognize that traceability and labelling have increased their costs and impacted the prices. | 7) Comparison between carcass and retail prices  
8) Stakeholders' opinions | DG AGRI - National Statistics.  
Survey of mass retailers  
Survey of the meat industry | - |
| 4 - To what extent has influence of CBL on demand and prices in beef translated to the volume of animals slaughtered. To what extent has the demand for meat, meat prices, and the quantity of animals slaughtered influenced the numbers of bovines in fattening farms and, indirectly in the suckler cow herd. | Results of point a to c, mentioned above  
Volumes slaughtered evolved in order to satisfy internal demand at EU level | 9) Changes in EU slaughtering  
10) Share of imports in EU consumption | Ibid  
DG AGRI - EUROSTAT | - |
| 5 To what extent has the CBL impacted the EU beef imports from third countries? | Changes in EU beef imports have been impacted by compulsory labelling rules | 11) Changes in EU beef imports | DG AGRI | - |
5.1 Impact on the internal beef demand

5.1.1 Indicator 1: Changes in beef consumption across different periods between 1992 and 2013

<table>
<thead>
<tr>
<th></th>
<th>DE</th>
<th>IE</th>
<th>SP</th>
<th>FR</th>
<th>IT</th>
<th>UK</th>
<th>6 MS</th>
<th>PL</th>
<th>EU-15</th>
<th>EU-28</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1 before the crises (92-96)</td>
<td>1,481</td>
<td>57</td>
<td>496</td>
<td>1,639</td>
<td>1,461</td>
<td>1,054</td>
<td>6,187</td>
<td>ns</td>
<td>7,637</td>
<td>ns</td>
</tr>
<tr>
<td>P2 between crises (97-99)</td>
<td>1,234</td>
<td>60</td>
<td>561</td>
<td>1,601</td>
<td>1,430</td>
<td>1,009</td>
<td>5,895</td>
<td>ns</td>
<td>7,357</td>
<td>ns</td>
</tr>
<tr>
<td>P3 post crises (02-07)</td>
<td>1,019</td>
<td>83</td>
<td>651</td>
<td>1,666</td>
<td>1,423</td>
<td>1,223</td>
<td>6,064</td>
<td>186</td>
<td>7,549</td>
<td>8,485</td>
</tr>
<tr>
<td>P4 recent times (08-13)</td>
<td>1,045</td>
<td>89</td>
<td>598</td>
<td>1,627</td>
<td>1,336</td>
<td>1,161</td>
<td>5,856</td>
<td>158</td>
<td>6,827</td>
<td>8,016</td>
</tr>
<tr>
<td>Evolution P2/P1</td>
<td>-17%</td>
<td>5%</td>
<td>13%</td>
<td>-2%</td>
<td>-2%</td>
<td>ns</td>
<td>-5%</td>
<td>ns</td>
<td>-4%</td>
<td>ns</td>
</tr>
<tr>
<td>Evolution P3/P2</td>
<td>-17%</td>
<td>38%</td>
<td>16%</td>
<td>4%</td>
<td>0%</td>
<td>ns</td>
<td>-3%</td>
<td>3%</td>
<td>-3%</td>
<td>ns</td>
</tr>
<tr>
<td>Evolution P4/P3</td>
<td>-3%</td>
<td>8%</td>
<td>-8%</td>
<td>-2%</td>
<td>-2%</td>
<td>-6%</td>
<td>-5%</td>
<td>-3%</td>
<td>-15%</td>
<td>-10%</td>
</tr>
<tr>
<td>Evolution 1st BSE crisis / P1</td>
<td>-16%</td>
<td>-18%</td>
<td>-1%</td>
<td>-7%</td>
<td>-7%</td>
<td>-21%</td>
<td>-11%</td>
<td>ns</td>
<td>-9%</td>
<td>ns</td>
</tr>
<tr>
<td>Evolution 2nd BSE Crisis / P2</td>
<td>-20%</td>
<td>7%</td>
<td>1%</td>
<td>-4%</td>
<td>-4%</td>
<td>6%</td>
<td>-5%</td>
<td>ns</td>
<td>-5%</td>
<td>ns</td>
</tr>
</tbody>
</table>

Sources: AND International DG AGRI, Eurostat, FranceAgriMer and AMI.

Beef consumption has changed over time both across the EU and in the individual case study Member States. The compulsory labelling rules were implemented in 2000 and amended in 2007. It is therefore expected to see these rules have an impact on consumption: firstly after the second BSE crisis; and secondly after 2007, when the rules were simplified. The figures in Table 18 reflect the changes that occurred across the different periods defined in Chapter 4 (see section 4.1.1.2 above).

a) Pre and post BSE crises periods: a stronger recovery after 2002

It is possible to compare period 1 (before the crises), period 2 (between the crises period) and period 3 at EU-15 level. After the first BSE crisis, when the EU-15 market fell by 9% compared to the previous period, a partial recovery occurred but consumption remained 4% below the pre-crisis period (period 2 compared to period 1).

During the second BSE crisis, consumption fell by 5% (compared to the 1997-1999 period) and recovery was stronger; consumption during period 3 (2002-2007) was 3% higher than that of period 2.

b) From 2007 to the present time: decline

Demand in the EU-15 remained relatively stable from 2002 to 2007 (varying between 7,493 and 7,610 thousand tonnes cwe); it then declined from 2008 to 2011 (falling by 600 thousand tonnes cwe between 2007 and 2009, and then again by 625 thousand tonnes cwe between 2009 and 2011) and has fluctuated since 2011. Average beef consumption in the EU-15 during period 4 was therefore 10% lower than the period 3 average.45

As the EU-15 population grew by 9.2% between 1992 and 2013 (according to Eurostat), average per capita consumption decreased slightly faster than average total consumption. This overall trend masks variations among the case study Member States. In Ireland and Spain, the population grew steadily (respectively by 30% and 20% from 1992 to 2013), while yearly per capita consumption grew at least until 2007 (respectively from 17 to 20 kg cwe/inhabitant between 1992 and 2013 and from 13 to 15 kg cwe/inhabitant). In France, Italy and the United Kingdom, per capita consumption has declined slightly while the population has grown (respectively by 12%, 5% and 11%). In Germany, the level of demand was affected both by a flat lining population and a rapid fall in per capita beef consumption (from 19.9 kg cwe / inhabitant in 1992 to 12.9 in 2013).

45 For further details see the complete series at page 22 ('per capita consumption') and page 23 ('consumption in tonnes cwe').
5.1.2 Indicator 2: Stakeholders’ opinions

Table 19 - Stakeholders’ opinions regarding the impact of compulsory labelling on the demand for beef

<table>
<thead>
<tr>
<th>Country</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>All stakeholders agree that, compulsory labelling helped beef consumption to recover after the crises.</td>
</tr>
<tr>
<td>Germany</td>
<td>Stakeholders consider the labelling regulation has actually had little impact on beef consumption, and this impact was only felt at the very beginning of the period under consideration. According to stakeholders, a very large majority of consumers are unaware what measures have been taken since the BSE crises, notwithstanding communication campaigns set up by public authorities and consumer associations targeting consumers.</td>
</tr>
<tr>
<td>Italy</td>
<td>Stakeholders consider there is no relation between EU labelling rules and the trends in beef production and consumption in Italy.</td>
</tr>
<tr>
<td>Spain</td>
<td>According to our interviewees, compulsory labelling, together with other measures implemented during the BSE crises, contributed to the market recovery during the period immediately following the crises. The situation is now quite different and no link can be established between compulsory labelling and the trends observed in beef consumption.</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>In view of the many factors impacting on the beef market, the introduction of compulsory labelling (including origin) is not believed to have been in itself a major factor in the recovery in beef consumption after the 1996 and 2000 BSE crises. It certainly helped, stakeholders say, but the other public (removal of animals aged over thirty months from the food supply chain, related BSE testing and removal of the specified risk material, establishment of a cattle identification and movement database; establishment of private ‘assurance scheme' in the cattle and beef supply chain) and private industry measures that were introduced were believed by those interviewed during the course of this study to have had the greater impact.</td>
</tr>
<tr>
<td>Ireland</td>
<td>Feedback from our interviews indicates that compulsory labelling has had some effect on the volume of beef demand. Country of origin labelling reassured the Irish consumer, even if almost all beef sold at retail stage was already Irish. Compulsory labelling has had little effect on the price of bovine animals or tonnages produced as this was market driven.</td>
</tr>
<tr>
<td>Poland</td>
<td>In the view of stakeholders generally, the volume of beef production and the average price of beef have not been affected by the introduction of compulsory labelling.</td>
</tr>
</tbody>
</table>

Source: national case studies

a) Pre and post BSE crises periods: the compulsory beef labelling rules were one of the measures that helped demand to recover

Stakeholders in the Member States which constitute the EU’s main markets for beef consider that the compulsory labelling rules helped demand to recover. However, the rules were only one element among the numerous public and private measures that were implemented at this time. Depending on the Member State, our interviewees diverged in terms of the importance they accorded to the rules. While in France and Ireland (exporting Member States), interviewees considered the rules to have made an important contribution, they were considered to have been only one factor among several in the United Kingdom, Germany and Spain. In Italy (an importing Member State), the impact of the rules on the recovery of demand for beef was seen as very marginal.

b) From 2007 to the present time: a marginal role in the consumption trend

At the present time, compulsory labelling is not considered to play an important role in market trends for beef consumption. This can be explained by the fact that we have entered a lasting period without any major beef-related confidence crisis (the fresh meat market was not involved in the 2013 horse meat scandal). Instead, demand is decreasing in all major EU markets and is now lower than during the 1996 and 2000 crises.

5.1.3 Indicator 3: Findings from consumer focus groups

Our consumer focus groups showed that in all the case study Member States, consumers trust the information displayed on beef packaging. However, while consumers are aware that national origin is indicated through beef labelling, they are generally unaware of numbers indicating the batch or location of the slaughterhouse and cutting hall. Even when consumers are aware of these numbers, they often do not understand what information the numbers are intended to convey. Some groups considered that these numbers may be helpful to identify where the meat comes from if a problem should occur.
Evaluation of EU beef labelling rules

Table 20 - Results of consumer focus groups concerning the confidence in labelling information

<table>
<thead>
<tr>
<th>Country</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>Participants who remembered the BSE crisis agreed that it had reinforced their desire to buy only French beef. Consumers trust the labels; they are reassured by national origin. They do not understand or even notice the batch, slaughterhouse and cutting plant numbers on the label.</td>
</tr>
<tr>
<td>Germany</td>
<td>The participants who remembered the BSE crisis agreed it had led them to avoid purchasing British beef but not beef in general. Consumers trust the labels; they usually think that German rules are more stringent. They do not notice the plant and batch numbers and are confused as to what these numbers mean.</td>
</tr>
<tr>
<td>Italy</td>
<td>Of the participants who remembered crisis few had led them to reduce or stop their beef purchases. Consumers feel they have to trust the labelling information. They are aware of the batch and plant number presence and meaning.</td>
</tr>
<tr>
<td>Spain</td>
<td>Some of the participants who could remember the BSE crisis agreed that, at the time, the BSE crisis had led them to reduce their purchases of beef. About the trust in labelling: 'We have no other choice'.</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Many participants reduced their purchases of beef at the time of the BSE crisis. Consumers trust the information provided through beef labelling, but few are aware of the plants and batch numbers.</td>
</tr>
<tr>
<td>Ireland</td>
<td>Many participants agreed that, at the time, the BSE crisis led them to stop their purchases of beef in general. Consumers trust the beef labels but some have doubts.</td>
</tr>
<tr>
<td>Poland</td>
<td>Many participants agreed the BSE crisis in the United Kingdom as reported by the Polish media had put them off buying English 'forever'. Consumers trust the beef labels to a certain extent.</td>
</tr>
</tbody>
</table>

Source: AND-International consumer focus groups

a) Pre and post BSE crises periods: no precise memory of labelling

No consumer made a link between their purchasing behaviour with regard to beef and the introduction of beef labelling. Many consumers remember the BSE crisis and that they stopped or lowered their beef consumption for a time, but they do not indicate why they have returned to their former practices.

b) From 2002 to the present time: consumers trust the labels

Our evidence suggests that, consumers now trust the information provided by beef labels. This feeling is mainly based on:

- Greater confidence in national farmers and their national authorities (in particular German, British and Italian consumers claim that, respectively, German, British and Italian rules are more stringent and better implemented);
- The fact that country of origin is a ‘creden ce attribute’ i.e. consumers must rely on the retailer and have no other way to check whether the information on the country of origin.

MAIN FINDINGS IN SUB-QUESTION 1 – IMPACT ON INTERNAL DEMAND

After each of the BSE crisis consumption recovered. The recovery was stronger after the second crisis. Consumption remained stable from 2002 to 2007 but, notwithstanding some fluctuations, it has been declining since then (Indicator 1).

Stakeholders generally agree that, together with other measures, compulsory beef labelling has assisted in improving consumer confidence and in helping demand recover after the crises. At the present time, compulsory labelling is not considered to play an important role in the market trends (Indicator 2).

Consumers trust the information displayed on beef labels. They understand origin indications but do not notice or understand the meaning of the batch or plant numbers (Indicator 3).

On the whole, we observe that origin labelling plays a positive but limited role in demand stimulation and that its influence was stronger during crisis periods than it is today.
5.2 Consumption of beef of national origin

5.2.1 Indicator 4: Share of imports (intra and extra-EU) as a proportion of total consumption in each Member State

a) Pre and post BSE crises periods: The share of imports reduced during each crisis period.

During the pre-crisis period, the share of imports as a proportion of total beef consumption in the case study Member States rose significantly in the United Kingdom (when the British BSE crisis began) but decreased in France, Spain and Italy. In 1996, imports decreased in all Member States except the United Kingdom, where the problem had arisen.

Between the two crises, Italian and Spanish imports recovered and imports to the other case study Member States remained stable. However, in 2001-2002 (the second crisis) imports plunged again in France, Germany, Italy and Spain. Imports remained low in Ireland but rose in the United Kingdom, reaching 35% of total national consumption.

b) From 2002 to the present time: growth in all Member States except the United Kingdom

Imports to the United Kingdom climbed again until 2004 (reaching almost 45% of total national consumption) before dropping back to between 30% and 40% from 2009 to 2013. In all the other case study Member States, the import rate rose incrementally but consistently until 2006 or 2007. During the most recent period (since 2008), import rates have remained stable.

Figure 19 – Imports (intra and extra-EU) as part of national consumption

Source: AND-International based on data from Eurostat, DG AGRI, and Idele – NB: Data for Ireland is not comparable

5.2.2 Indicator 5: Ratio between intra-EU trade and volume of beef slaughtered in the EU-15

a) Pre and post BSE crises periods: a rise interrupted by the two crises

Intra-EU trade was growing steadily prior to the first BSE crisis. In particular, as British consumers reduced their purchases of beef, the United Kingdom exported more meat to the continental market (notably France). The 1996 crisis put an end to this trend. Following the first crisis, intra-EU trade grew again but this trend was then interrupted by the second crisis.

b) From 2002 to the present time: a constant growth

The ratio 'internal trade: slaughtering' did not stop growing from 2003 to 2013. In 2011, intra-EU-15 trade went down, but slaughtering was also reduced. The quantity of beef traded within the EU is only 10% higher in 2013 as compared to 1992, but carcass production has fallen by 25% over time.
5.2.3 Indicator 6: Stakeholders’ opinions

Renationalisation

a) Pre and post BSE crises periods: introduction of beef labelling rules coincided with the demand for beef of national origin.

In all importing case study Member States (i.e. France, Italy, Germany, United Kingdom and Spain) stakeholders agree that the labelling rules coincided with consumer demand and assisted in a renationalisation of the retail markets. In some countries (France, Ireland), the demand for a ‘national’ product existed before the first crisis.

Elsewhere, the situation was less clear cut. In Italy, a demand for ‘Italian beef’ was complicated by that country’s dependence on imports (of both animals and meat). In Spain, consumers prioritised meat from specific regions and particular cuts.

Nevertheless, in Italy, the ‘national’ concept is not easy to define, as this country needs to import a large part of its needs (animals and/or meat); and in Spain, the regional idea is stronger.

Thus, the national identification, the capacity of a national supplying and demand for ‘national’ meat are found together in three large markets: the United Kingdom, Germany and France.

b) From 2002 to the present time: national origin has remained a purchase motivation

The same trend still prevails in retail markets. Retailers still consider that the information about national origin is important in the purchase motivations. It has not been sufficient to change the negative trend, caused by increasing prices and changes in food habits, but it still is a useful marketing tool.

These qualitative data appear to be inconsistent with the figures presented under Indicators 4 and 5. The explanation behind this apparent incoherence lies in the fact that renationalisation is happening on the retail markets only (fresh and frozen meat) and that internationalisation is focused on the food service and processing industry markets.

Previous studies have analysed this phenomenon:

- A study by FranceAgriMer shows that meat imports to France (a quarter of total French national consumption) consist mainly of competitively priced dairy cows from Germany, the Netherlands and Ireland. A large part of these imports consists of minced meat and cheap cuts destined for the processing industry and the catering sector;

- A study by the Italian Ministry for Agriculture shows that the most important categories of imports to Italy are carcasses and half carcasses, hindquarters and boneless cuts. The latter

46 ‘in ‘Réflexion stratégique sur les perspectives de la filière viande bovine à l’horizon 2025’ FranceAgriMer December 2013.'
has experienced a + 26.7% increase in value. The imports to Italy of this category of meat come mainly from other EU countries (40%), through meat traders who specialize in the supply of catering chains or mass retailers; mainly from Germany (21%), the Netherlands (20%), France (19%) and Poland (12%).

- A study by ‘Agriculture Canada’ stated that 87% of the beef bought by British households is from Britain, and only 13% imported, while 75% of the beef sold to the British catering industry is imported (and 25% from the United Kingdom).

On the whole, the catering market represents between one quarter and one third of beef consumption in the four main EU markets (France, United Kingdom, Germany, and Italy). It constitutes the largest market for imported meat. In this industry, origin labelling is not mandatory (except in France) while price of meat is a determining factor for the standard segment (fast food restaurants, cafés) and high quality is a determining factor for the premium segment (higher-end restaurants).

Prices

Stakeholders indicate that prices may have been pushed up by both the renationalisation of beef markets and marketing claims made in accordance with the voluntary labelling scheme. These claims relating to an animal’s characteristics and how it was raised (breed, age, feed) engender extra costs for producers, thus ‘justifying’ higher prices for the farmer and for the retailer. Furthermore, animals which possess these characteristics are less numerous (as animals are only sourced within national markets) and may be more expensive. Thus, the renationalisation of markets has led to higher prices for the consumer (although stakeholders were unable to give further detail). In conclusion, national origin is a factor that can increase prices but this is not the only or even main factor.

Table 21 - Stakeholders’ opinions with regard to the effect of compulsory labelling rules on the renationalisation of beef markets and on prices

<table>
<thead>
<tr>
<th></th>
<th>Renationalisation of the market</th>
<th>Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>According to the consumer association interviewed, the demand for origin labelling was already strong before the crises. Therefore, the demand for French beef did not increase as a result of the labelling scheme.</td>
<td>French beef is expensive to produce, the demand for French origin helps maintain high prices.</td>
</tr>
<tr>
<td>Germany</td>
<td>Rise of ‘4D’ beef demand in large supermarkets, no change in butchers’ shops as they already sourced beef from local production.</td>
<td>4D beef is more sought after on the market and helps increase prices.</td>
</tr>
<tr>
<td>Italy</td>
<td>As Italy is not self-sufficient, beef of national origin is a special segment responding to consumer demand for ‘Italian beef’.</td>
<td>Italian beef fetches a higher price but meat from traditional domestic breeds (whose prices are clearly higher) represents only a small market share (4%).</td>
</tr>
<tr>
<td>Spain</td>
<td>The indication of national origin is not a factor influencing consumer choices.</td>
<td>The increase of the price of beef is mainly due to a rise in production costs (feed).</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>The main assurance schemes (‘Red Tractor’ and ‘BRC’) encourage British origin on the retail market.</td>
<td>Origin constraints can affect prices by narrowing the pool of cattle from which meat can be drawn thus pushing up prices.</td>
</tr>
<tr>
<td>Ireland</td>
<td>As Ireland is an exporting country, Irish beef used to be an un-branded commodity type product, but Irish origin was promoted even before the compulsory labelling rules were implemented.</td>
<td>Quality scheme helped prices to rise.</td>
</tr>
<tr>
<td>Poland</td>
<td>There is little demand for beef in Poland, most of the production is exported.</td>
<td>Domestic prices are led by export prices, thus depending on the situation on the main EU markets.</td>
</tr>
</tbody>
</table>

Source: National case studies

47 In ‘Piano nazionale del settore delle carni bovine’ 2009 Ministero delle Politiche Agricole e Forestali.
48 ‘Opportunities for Canadian beef in the UK market’ – Agriculture Canada
49 Indicating that all stages of the production chain took place in Germany
MAIN FINDINGS IN SUB-QUESTION 2 – IMPACT ON THE CONSUMPTION OF BEEF OF NATIONAL ORIGIN

The share of imports (from EU Member States and from third countries) as a proportion of total national consumption (import rate) in the case study Member States fell during the two BSE crises and recovered significantly after the second crisis. The United Kingdom is an exception from this general trend: the share of imports rose steadily from 1998 to 2005 and then gradually decreased until 2010 (Indicator 4). In the other Member States, the import rate grew from 2002 to 2006 or 2007 and then remained stable.

Intra-EU trade of beef dropped during each of the two BSE crises. It grew steadily between the two crises and from 2003 to 2013 (Indicator 5).

Stakeholders consider that there has been a renationalisation of retail markets and that labelling rules have matched consumer expectations. However, at the present time, origin labelling is not a sufficient purchase motivation to reverse the declining trend of beef consumption. Stakeholders also consider that retail prices have increased due to origin labelling and the renationalisation of the market (Indicator 6).

Several studies show that, unlike the market for home consumption, the catering industry relies mainly on imported beef. This explains why, on the one hand, there has been a renationalisation of the retail market and, on the other hand, why the share of imported beef has been growing in all Member States (Indicator 6).

Beef of national origin labelling is considered by all retailers as an important driver for consumers when buying beef.

Some stakeholders have reported that origin labelling can lead national carcasses to fetch a higher price.

5.3 Impact on prices

5.3.1 Indicator 7: Comparison between carcass and retail prices

We examined whether there is a link between prices at the retail and farm gate stage. The six charts displayed below at Figure 21 show that:

- Retail prices have increased almost constantly in all Member States; the only cases where a significant decrease occurred was in Ireland in 2009 and 2010, in Germany in 2008 and in Spain in 2010.

- Carcass prices followed similar trends in all case study Member States. Overall, prices decreased from 1992 to 2004 and then increased from 2005 to 2012 or 2013. The decrease may be a consequence of the opening of the EU agricultural market following the WTO agreement in 1992. The increase from 2005 (year of the avian flu outbreak) was reinforced by the increase in world cereal prices (2006 onwards). The question remains whether the impact of the renationalisation of beef markets reinforced this rise in prices. As already seen, in the first part of this report (section 3.8 'External factors' at pages 49 to 52): the largest rise (from 2010) was linked to a shortage in bovine animals. This resulted from the reduction of the European dairy herd and from restrictions imposed on meat imports from Brazil for sanitary reasons.

- The increase in carcass prices led to a rise in beef prices (2005-2013); there are differences between trends in retail sector margins across the Member States. In Ireland (2009) and in Germany (2010), the retail prices responded quickly to a drop in carcass prices. Generally, retail prices tended to act as a kind of buffer for large variations in upstream prices.
Figure 21 - Carcass prices and retail prices comparison (Indices: 2004=100)

Source: AND-International from DG-AGRI and national sources.
5.3.2 Indicator 8: Stakeholders’ opinions

This summary of European meat processors’ and retailers’ points of view suggests that labelling rules have led to a loss in productivity and created specific costs (examined in greater detail under Evaluation Question 2), and that these costs have led to higher retail prices, particularly in the United Kingdom, Spain, France, Germany and, to a lesser extent, in Italy.

Table 22 Stakeholders’ opinions regarding the influence of labelling cost on meat prices

<table>
<thead>
<tr>
<th>Country</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>As for the price of beef, all the respondents but one (a meat company) agreed that the cost of labelling, or at least part of it, has been passed on to the consumer. They added that traceability costs increase each time the meat changes hands. But all of them reported that price increases today are the result of the market situation (lower supply in the EU, increase in production costs for farmers...). One retailer mentioned that in 2001, the implementation of the compulsory labelling rules was perhaps used as an excuse for rising prices, but that this was no longer the case.</td>
</tr>
<tr>
<td>Germany</td>
<td>Between 2004 and 2013, retail prices increased: minced beef price rose up to 6.9 EUR/kg (+27%) while roast beef rose up to 9.33 EUR/kg (+28%). This rise is coherent with that at slaughtering stage. It is linked with the demand for ‘4D beef’ meaning born, bred, slaughtered and cut in Germany (D for Deutschland) which is more valued on the market.</td>
</tr>
<tr>
<td>Italy</td>
<td>Some interviewees said that beef of Italian origin (i.e. born, raised, slaughtered and cut in Italy) can fetch a higher price in the market. However, meat processors said that more complicated batch management caused a drop in productivity.</td>
</tr>
<tr>
<td>Spain</td>
<td>Between 2007 and 2013, prices rose by 23% to reach 17.6 Euros/kg in 2013 and 17 EUR/kg in 2014. This trend shows that the rise observed in production (breeding) costs has been transferred to retail prices, in a situation where production has decreased and exports have been generally stable (accounting for more than 20% of total production). Stakeholders indicate that compulsory labelling is costly and that, in the end, this cost is passed on to retail prices, which also tend to hinder demand.</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Specifications (origin, breed, feed) may raise production costs, particularly for the retail market.</td>
</tr>
<tr>
<td>Ireland</td>
<td>The price of beef and cattle in Ireland is more affected by the international market than by labelling rules, particularly demand from the United Kingdom as the majority of Irish beef is exported and consumed in this Member State.</td>
</tr>
<tr>
<td>Poland</td>
<td>Generally, the average price of beef was not affected by the introduction of compulsory labelling.</td>
</tr>
</tbody>
</table>

MAIN FINDINGS IN SUB-QUESTION 3 – IMPACT ON PRICES

Retail prices increased almost continuously in all of the seven case study Member States, while carcass prices have been more erratic. A rise in carcass prices can be observed from 2005 to 2013 due to several factors, including the avian flu epizootic, an increase in forage prices and a shortage of Brazilian beef imports. In short, the overall rise in carcass prices is due to external factors. This trend influences the retail price.

Price transmission (upstream to downstream) varies in its importance depending on the Member States but retail industry margins smooth the fluctuations of prices at slaughterhouse gate (Indicator 7).

In the opinion of stakeholders (and in the absence of other evidence), labelling costs have been transmitted to the retail stage in the United Kingdom, France Germany and Spain (and to a lesser extent in Italy) (Indicator 8).
5.4 **Impact on the volume, quantity and prices of animals slaughtered**

5.4.1 **Indicator 9: Changes in slaughtering in the EU-15 and EU-28 from 1999 to 2012**

If compulsory labelling had caused a significant increase in the demand for beef, we would expect to see an increase in the number of cattle slaughtered. We have already observed in our answer to sub-question 1 that compulsory labelling helped demand to recover following the second crisis.

In 2002, EU-15 slaughtering was 2% higher than during the years of the second BSE crisis (2000-2001 average); despite this rise, the quantities of beef slaughtered in the EU-15 has never returned to the peak seen in 1999 (as shown in Figure 22, below).

**Figure 22 - Bovine slaughtering from 1999 to 2013 at EU-15 and EU-28 levels and total number of bovine in the EU-27 (in thousand tonnes carcass weight equivalent)**

Source: Eurostat

During the period 2002-2007, imports rose in the EU-15, as shown by Indicator 9 (see Figure 23), indicating that the rise in demand was partly satisfied by imports from outside the EU.

Furthermore, EU exports to third countries decreased in 2003, 2004 and 2005. These successive decreases accounted, respectively for 1.4%, 0.3%, 1.3% of total slaughtering (see Table 12 page 32 and Figure 23 below).

To summarise:

- When demand recovered, slaughtering in the EU-15 increased in 2002, although it did not return to the peak seen in 1999, and has been decreasing since.
- The rise in demand was met partly by imports from outside the EU and partly by a drop in EU exports
- We cannot conclude that the recovery in demand resulted in a rise in slaughtering.

Concerning prices, it has been demonstrated (see Indicator 7 and the findings presented in sub-question 3 above) that changes in carcass and retail prices were mainly linked to external factors.
5.4.2 Indicator 10: Share of imports as a proportion of total EU consumption

Figure 23– Share of imports from third countries in total EU-15, EU-28 beef consumption

Source: Eurostat – Comext (Serie:’DS-016890-EU Trade since 1988 by CN8’) / DG AGRI

Secondly, concerning prices, sub-question 3 shows that compulsory labelling costs have been translated into retail prices in some Member States, and that in Germany and the United Kingdom the demand for beef of national origin or animals with specific characteristics (breed, age, etc.) occasionally helped prices for carcasses to rise, but that this cannot be seen in the statistical data. Therefore there is no evidence of an influence of any impact of labelling rules on prices for carcasses.

Sub-question 3 also shows that the prices for carcasses have increased from 2006 to 2013 in all Member States, mainly due to external factors (forage prices, imports decrease). In the meantime, slaughtering slackened in the EU-15. It is thus impossible to conclude that price has had any impact on the volume of animals slaughtered (a higher price should have led to a raise in production and not a decrease).

Finally, a question remains regarding the impact of compulsory labelling on the bovine herd and in particular the suckler cow and dairy cow herd, that represented the real production potential. First, as the descriptive part of the study has shown, sucker cow herd decreased by 2% between 2000 and 2012 and dairy cow herd was reduced by 9%. Second, the rise in slaughtering in 2002 was too sudden and too short to encourage a rise in production capacities, that is to say the number of cows. In conclusion it can be considered, that the labelling rules have had an influence on demand that, however, has not provoked a rise in the volume slaughtered, and that, as a consequence, has not provoked a rise in the cow herd and in the total bovine herd which was reduced by 7% between 2000 and 2012 (see figure 22, indicator No 9).

MAIN FINDINGS IN SUB-QUESTION 4 – IMPACT ON PRODUCTION AND NUMBER OF BOVINE ANIMALS

Compulsory labelling had a positive effect, at EU-15 level, as it contributed to stimulating the demand for beef after the second BSE crisis. However, as the quantity slaughtered only rose in 2002 and has decreased ever since (indicator 9) and as the imports from third countries also increased over the same period (Indicator 10), it is impossible to establish a causal relationship between compulsory labelling and the volume of animals slaughtered in the EU.

There is no evidence that changes in retail and carcass prices have had an influence on slaughtering activity or on the number of bovine animals.

As no relationship between beef labelling and slaughtering activity can be established and as the size herd (number of cows) has decreased, a link between beef labelling and trends in the size of the herd cannot be asserted.
5.5  Impact on the volume of imports from third countries

5.5.1  Indicator 11: Changes in beef imports from third countries

**Figure 24 - Beef imports from third countries (1992 – 2013)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>825</td>
<td>352</td>
</tr>
<tr>
<td>1993</td>
<td>1,120</td>
<td>436</td>
</tr>
<tr>
<td>1994</td>
<td>1,171</td>
<td>446</td>
</tr>
<tr>
<td>1995</td>
<td>1,263</td>
<td>349</td>
</tr>
<tr>
<td>1996</td>
<td>736</td>
<td>436</td>
</tr>
<tr>
<td>1997</td>
<td>598</td>
<td>429</td>
</tr>
<tr>
<td>1998</td>
<td>598</td>
<td>491</td>
</tr>
<tr>
<td>1999</td>
<td>513</td>
<td>481</td>
</tr>
<tr>
<td>2000</td>
<td>565</td>
<td>455</td>
</tr>
<tr>
<td>2001</td>
<td>565</td>
<td>529</td>
</tr>
<tr>
<td>2002</td>
<td>598</td>
<td>481</td>
</tr>
<tr>
<td>2003</td>
<td>249</td>
<td>292</td>
</tr>
<tr>
<td>2004</td>
<td>248</td>
<td>292</td>
</tr>
<tr>
<td>2005</td>
<td>249</td>
<td>292</td>
</tr>
<tr>
<td>2006</td>
<td>323</td>
<td>307</td>
</tr>
<tr>
<td>2007</td>
<td>334</td>
<td>307</td>
</tr>
<tr>
<td>2008</td>
<td>624</td>
<td>508</td>
</tr>
<tr>
<td>2009</td>
<td>454</td>
<td>508</td>
</tr>
<tr>
<td>2010</td>
<td>473</td>
<td>508</td>
</tr>
<tr>
<td>2011</td>
<td>508</td>
<td>508</td>
</tr>
<tr>
<td>2012</td>
<td>508</td>
<td>508</td>
</tr>
<tr>
<td>2013</td>
<td>454</td>
<td>508</td>
</tr>
</tbody>
</table>

Source: based on DG AGRI data compilation

Beef imported to the EU mainly comes from Brazil, where production costs and market prices are lower than in Europe. Imports increased between 2002 and 2007 following the full implementation of the WTO agreement. Various measures (both public and private) contributed to the recovery in EU demand, including the implementation of the beef labelling rules. Imports fell significantly in 2008, due to restrictions on Brazilian beef imports, as the EU imposed more stringent traceability requirements on Brazilian farms. In summary, the trend in third country beef imports was not linked to the labelling rules. The labelling rules were implemented at a time of increasing imports, while the subsequent decline in imported beef resulted from the imposition of sanitary measures.

EU exports to third countries reduced before and after 2000; in the meantime internal demand rose (in 2002) and then fluctuated (between 2003 and 2007) and imports increased too.

**MAIN FINDINGS IN SUB-QUESTION 5 – IMPACT ON IMPORTS FROM THIRD COUNTRIES**

Beef imports from third countries increased in line with demand for beef (partially resulting from the implementation of the labelling rules), but decreased when the European Union imposed more stringent sanitary requirements which most Brazilian farms could not meet.

Beef imports from third countries increased by 40% from 2001 to 2007. These imports came mainly from Brazil, where production costs and market prices are lower than in Europe. Imports fell significantly in 2008, as the EU imposed more traceability requirements on Brazilian farms. In summary, the trend in beef imports from third countries was not linked to the labelling rules but resulted from the application of sanitary measures (Indicator 11).

---

50 See paragraph 2.7, page 30 to 32 (‘EU external trade balance’).
5.6 Evaluation judgement

The aim of evaluation question 1 is to assess whether compulsory labelling has had any substantial influence on the beef sector in terms of consumption, market renationalisation, intra and extra-EU trade, production, herd size, and prices.

The causal chain begins with the consumer: origin labelling was intended to increase consumption, and ideally, as a side effect, boost European production, increasing the volume of bovine animals slaughtered and, thus, the overall number of bovine animals. Prices would then be sustained by a high level of demand (bearing in mind that, when prices soar, demand tends to drop in proportion).

The key assumption can be summarized as follows: if the main concern of European consumers is to buy European meat, and more precisely meat from their own country, then European production should be boosted. Higher prices will be obtained as the opportunities for retailers to source beef are limited to their own country. Consequently, intra-EU trade would be reduced as producers refocus on supplying their domestic markets with beef of national origin.

In terms of the supply chain, from upstream to downstream, the indicators lead to the following conclusions.

1) Development of demand for beef in the EU after the BSE crises and in recent years

According to stakeholders, compulsory labelling (together with other public and private measures) had a positive influence in restoring consumer confidence following the BSE crises. Since 2000, guarantees of domestic origin have become a routine sales argument for retail chains. Nevertheless, this has not provided a sufficient incentive to alleviate the decline of demand since 2008, when rearing costs, carcass prices, and retail prices started to rise sharply and continuously.

2) Trends in consumption of beef of national origin

In France, Germany and the United Kingdom, the stakeholders interviewed at industry and retail level clearly and unanimously stated that a renationalisation of the markets occurred in the retail sector. Yet, in France and the United Kingdom, official studies have shown that most of the beef sold to the catering industry was imported (either from other EU Member States or from third countries). The same phenomenon has been reported in our interviews in Germany. Statistical data show that, except during the crises, the share of imported beef in each case study Member State has increased. Thus, we can observe a renationalisation of the markets in the retail sector and an internationalisation of the market in the catering sector. Overall, this has led to an increase in the consumption of imported beef as shown by our statistical analysis (ratio total imports/consumption).

In the four remaining case study Member States, the situation is as follows: in Poland, domestic consumption is small and focused on beef of national origin while most beef is produced for export. The Italian market is structurally an importing market, where the meat from domestic breeds represents a very small market share while a large proportion of 'Italian meat' is actually produced from imported weanlings. Yet, we can observe the same phenomenon of renationalisation of retail markets and internationalisation of the catering sector as in France, Germany and the United Kingdom. Spanish consumers are more interested in regional, rather than national origin. Finally, the Irish market is mostly based on beef of national origin with a low level of beef imports in relation to national consumption.

We can conclude that, notwithstanding the recovery of the demand for beef of national origin in retail markets helped by compulsory labelling, intra-EU trade has been increasing over the period subject to this evaluation.

3) Impact on prices

A comparison of carcass and retail price indices in six of our seven case study Member States shows that retail prices and carcass prices have roughly followed the same trends throughout the examination period. From 2005 to 2012 carcass and retail prices rose.

Concerning price transmission along the supply chain, one can observe that the retail stage acts as a buffer for the prices paid to producers. The latter are usually more volatile, as they are more dependent on external factors such as sanitary crises, fodder prices, and variations in the volume of imports from third countries.

In Member States where recognition of logos denoting national origin is high, such as in France, Germany and the United Kingdom, stakeholders sometimes describe having to pay more for...
carcasses. They link these intermittent price rises to the fact that the guarantee of domestic origin structurally limits the purchasing potential (as the market, from which animals can be sourced, is national rather than European) and therefore, induces a rise in prices. However, this cannot be substantiated with statistical evidence.

On the other hand, stakeholders consider that labelling and traceability costs are translated into prices at the retail level\(^{51}\). But this is also not substantiated by statistical evidence.

We can conclude that carcass and beef prices rose from 2005 to 2013 mainly due to external factors. On the other hand, in France, the United Kingdom, and Germany, some stakeholders have indicated that they sometimes pay higher price for carcasses but there is no visible statistical evidence of these cases. Stakeholders generally agree that traceability and labelling costs are translated into higher prices at the retail stage and are thus paid by the consumer.

4) No significant impact on beef production (slaughtering) and bovine herd

When demand recovered, slaughtering increased only in 2002, (although it never returned to the levels seen in 1999) and has been decreasing since. The rise in demand was supplied partly by external imports and partly by a decrease in exports. It is not possible to conclude that the recovery in demand provoked a rise in slaughtering.

The short-term growth in slaughtering in 2002 was not enough to affect the long term decreasing trends in the bovine herd. Between 2000 and 2012 the suckler cow herd was reduced by 2% and the dairy cow herd by 9%.

5) Beef external trade is determined by external factors

The volume of beef imported to the EU from third countries varied as a result of external factors. The openness of the EU market, after a full implementation of the WTO agreement from 2002, stimulated imports when the EU demand for beef was recovering. On the other hand, EU sanitary restrictions after 2007 led to a sharp drop in beef imports from third countries, notably from Brazil.

In summary, the compulsory labelling rules introduced in the aftermath of the BSE crises helped the demand for beef to recover but this increased demand was not, however, able to stimulate European beef production because, during the years following the crises, increased demand was met by imports.

In the most recent period, the market trends for beef were characterised by a scarcity of supply. This was partly due to sanitary issues in Brazil and partly due to a reduction in the size of the European dairy herd. As a consequence, carcass and beef prices rose, which in turn led to a decrease in consumption, particularly in the EU-15 Member States.

We have also demonstrated that, in the Member States which constitute the main markets for beef, there has been a renationalisation of the retail market. This has coincided with an internationalisation of the catering market. Finally, stakeholders have indicated that the costs associated with labelling are passed on from processing companies to retailers and from retailers to consumers.

---

\(^{51}\) The labelling cost is one of the main subjects of Evaluation Question 2.
Evaluation of EU beef labelling rules

6 Theme 1 – Market Effects: Evaluation Question 2

Evaluation Question 2: To what extent have the EU beef labelling rules created additional production costs along the beef supply and distribution chain and affected the marketing position of the actors along the beef supply and distribution chain? In answering the question, the effects of the compulsory and the voluntary labelling should be distinguished.

Definition of the key terms:

- EU beef labelling rules;
- Additional production costs;
- Beef supply and distribution chain;
- Marketing position of the actors.

EU beef labelling rules are defined by Regulation (EC) No 1760/2000 and by the implementing rules under Regulation (EC) No 1825/2000. They include compulsory labelling rules and voluntary labelling rules that need to be distinguished along the answer to this evaluation question.

The beef supply and distribution chain is reduced within this question to slaughterhouses and cutting plants, as they really are the link between animals and meat products. As such, they represent the central element of the supply chain in terms of traceability and labelling. Thus, the answers to the question have to focus on processing costs without considering farming costs. We will therefore concentrate on slaughtering and labelling costs.

Additional production costs created by EU labelling beef rules can be divided into three categories:

- Technical costs directly related to labelling and traceability. As stated in the recitals of Regulation (EC) No 1825/2000, ‘in order to ensure traceability, it is necessary, in the context of both the compulsory and voluntary systems of beef labelling, that operators and organisations keep an identification system and a comprehensive registration system for beef, at each of its various stages of production and sale’. Therefore, costs related to the identification and registration system (Information Technology, controls, etc.) should be considered as well as labelling costs per se (printing, etc.);
- Costs related to batch management and the prohibition on mixing meats from different origins (birth country, slaughtering country) in the same batch;
- Costs related to the evolution of the supply chain: some operators may have turned towards more expensive suppliers, either to address a demand for a specific origin or to meet the requirements of voluntary quality schemes, as a consequence of the labelling rules.

‘Affecting the marketing position of the actors along the beef supply and distribution chain’ refers to the last point above. Have the beef labelling rules had a significant influence on the marketing position of the actors? ‘Marketing position’ refers to individual differentiation strategies between stakeholders, more precisely about their segmentation and marketing mix. More generally, it also concerns the state of the global industrial sector and raises the following questions:

- For compulsory labelling: has the compulsory labelling of origin strengthened the marketing position of national actors in the main consuming MS? How has the sector in terms of concentration of activities evolved?
- For voluntary labelling: what has the impact of EU voluntary labelling rules been on the development of quality schemes (including the fact that some commercial logos do not provide any additional guarantees compared to compulsory indications and that some systems providing extra guarantees are not accredited as voluntary systems)? How has the market share of these schemes evolved? How has that affected the supply strategies of the retailers and subsequently of other actors upstream in the chain? What is the distinction in terms of commercial channels (retailing vs catering)?
Evaluation of EU beef labelling rules

Reformulation of the question

The question aims at analysing the effects of compulsory and voluntary labelling rules on production costs and on the marketing position of the actors along the supply-chain since 1996. We have divided the period of analysis into four periods with two major events that are both BSE crises:

- Period 1, from year 1992 to 1995;
- BSE 1 in 1996;
- Period 2 between year 1997 to 1999;
- BSE 2 in 2000 and 2001;
- Period 3, from year 2002 to 2007;
- Period 4, between year 2008 and 2013.

Over the past eighteen years, the sector has experienced major changes, besides labelling rules, that have resulted in a general increase in production costs, and in evolutions in the organisation of the supply chain: the liberalisation of agricultural markets and an increase in feed prices, BSE and other sanitary crises, an increase in waste management costs, a strengthening of environmental and animal welfare regulations, the enlargement of the EU, etc.

Before analysing the effects related to labelling rules, it is therefore important to understand the general trends in the industry as regards production costs and respective marketing positions. Results from Evaluation Question 1 are used.

Answers to the other sub-questions mainly relies on field work. Our analysis focuses on a qualitative approach to understand the practical implications of the labelling rules. In addition, face-to-face interviews with actors of the supply-chain, at slaughterhouses and cutting plants in particular, have provided detailed information on the structure of production costs and the relative importance of traceability and labelling costs. However, it is important to notice that labelling costs are not covered by any statistical monitoring programme. The analyses developed through this question are therefore simplified analyses, relying on collected data and estimates we have made.

The following sub-questions can be derived for this evaluation question:

- How have production costs and prices evolved at slaughtering and marketing stages? What have the consequences been on the economic health of the sector in terms of turnover and performance indicators, such as added value and gross operating surplus (GOS)?
- Are additional costs related to labelling, including the costs of traceability, significant compared to other factors? How have the different actors adapted? Have some actors changed their supply chain or marketing mix to reduce these costs (e.g. by reducing the range of products or the number of suppliers in order to facilitate the standardisation of labels and to reduce batch management costs)?
- Has there been any significant change in the market share of the different beef products based on the origin or based on other information provided under voluntary labelling schemes? If so, what does this imply for the supply chain? Who are the actors along the supply chain who have benefited from this change (e.g. from the potential renationalisation of the supply chain mentioned in Evaluation Question 1)?
- Have these evolutions impacted production costs and prices due to additional requirements imposed by specifications under voluntary labelling schemes or due to the renationalisation of the supply chain?

Judgement criteria and indicators

The following table presents the criteria for judgement and the corresponding indicators. The first sub-question deals with the understanding of the general trends in the industry as regards production costs and respective marketing positions. The other sub-questions focuses on a qualitative approach to understand the practical implications of the labelling rules regarding additional costs, and changes in the market share of beef products.
### Table 23 – Judgment criteria and indicators for Evaluation Question 2

<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>1) How have production costs and prices evolved at slaughtering and marketing stages? What have the consequences been on the economic health of the sector?</td>
<td>The general long-term trend is an increase in production costs, for various reasons.</td>
<td>1) Long-term evolution of production costs and prices along the supply chain</td>
<td>Price analyses from Evaluation Question 1 National analyses of the value chain (NAVC) in France and Spain.</td>
<td>NAVC exists only in France and Spain</td>
</tr>
<tr>
<td></td>
<td>The average turnover per enterprise is growing due to the concentration of the sector</td>
<td>2) Long-term evolution of average turnover per enterprise</td>
<td>Eurostat</td>
<td>/</td>
</tr>
<tr>
<td></td>
<td>The labelling costs tend to impact sectorial performance indicators.</td>
<td>3) Long-term evolution of performance indicators</td>
<td>Eurostat</td>
<td>/</td>
</tr>
<tr>
<td>2) Are additional costs related to labelling significant compared to other factors? How have the different actors adapted?</td>
<td>Traceability and labelling costs represent significant cost items, especially for slaughterhouses and cutting plants</td>
<td>4) Share of traceability and labelling costs in slaughterhouses and cutting plants.</td>
<td>Field survey (quantitative data and opinion of the actors along the supply chain)</td>
<td>Little and heterogeneous data Representativeness of the sample</td>
</tr>
<tr>
<td></td>
<td>Actors have adapted their supply strategy to reduce traceability and labelling costs</td>
<td>5) Evolution of the organisation of the supply chain and evolution of the marketing mix</td>
<td>Field survey</td>
<td>/</td>
</tr>
<tr>
<td>3) Has there been any significant change in the market share of the different beef products based on the origin or based on other information provided under voluntary labelling schemes? If so, what does this imply for the supply chain?</td>
<td>Products of national origin or under voluntary labelling schemes have a significant market share</td>
<td>6) Evolution of the share of the national production (in volume and value) in the different MS</td>
<td>Production and trade data (analyses from Evaluation Question 1) Field survey</td>
<td>/</td>
</tr>
<tr>
<td></td>
<td>Actors have adapted their supply strategy to match an increased demand for products of national origin or for products under voluntary labelling schemes</td>
<td>7) Number and nature of voluntary labelling schemes: share of products under voluntary labelling schemes</td>
<td>Field survey</td>
<td>/</td>
</tr>
<tr>
<td>4) Have these evolutions impacted production costs and prices due to additional requirements imposed by specifications under voluntary labelling schemes?</td>
<td>Requirements imposed by specifications under voluntary labelling schemes or renationalisation of the production have contributed to increase production costs</td>
<td>8) Evolution of the organisation of the supply chain</td>
<td>Field survey</td>
<td>/</td>
</tr>
<tr>
<td></td>
<td>9) Opinion of the actors along the supply chain</td>
<td></td>
<td>Field survey</td>
<td>/</td>
</tr>
</tbody>
</table>
6.1 Evolution of production costs and prices at slaughtering and marketing stages
6.1.1 Indicator 1: Trends in production costs and prices

As previously explained, under Indicator 7 of Evaluation Question 1, the increase in bovine carcass prices has led to a rise in beef prices. Retail prices act as a buffer for large and sharp variations in upstream prices, especially carcass prices. The increase in carcass prices, starting in 2005/2006 resulted from external factors: fodder prices, scarcity of beef produced, sanitary restrictions on imports from third countries.

We have collected two national analyses of the value chain (NAVC) concerning Spain and France. The Spanish case explicitly refers to production costs at the farm, processing and retail stages. For the French case, the calculation of the reconstituted carcass price includes the raw material price in addition to processing and retail margins. The figures below present these data.

- The processing stage costs in Spain amounted to 1.76 EUR/kg cwe in 2011.
- The French processing costs during Period 4 amounted to 1.47 EUR/kg cwe (the meat company’s operating margin amounted to 0.05 EUR / kg cwe). Thus, the impact of the processing stage on the price of beef was 1.52 EUR/ kg cwe.
- The average of the Spanish and French costs is 1.62 EUR/kg cwe. We will use this result as the basis for our further analysis.

It is also important to observe two figures at this point:

- The share of raw material cost (farm stage) in cumulative cost is the highest one, with 44% in Spain and 47% in France for period 4;
- The French and Spanish average ratio between the retail and processing stages is 1.5\(^{52}\). This ratio should be kept in mind for subsequent analysis.

Figure 25 - Spanish bovine industry production costs in 2011

![Figure 25 - Spanish bovine industry production costs in 2011](source)

Source: Spanish analysis of the value chain of bovine industry in 2011 (MAGRAMA)

---

\(^{52}\) To obtain 1.5, we first calculated French and Spanish ratios between the retail and processing stages which are 1.12 in France for Period 4 \([1.70/(0.68+0.84)]\) and 1.82 in Spain \((3.20/1.76)\). The average between both ratios equals 1.47, rounded to 1.5.
The French study shows that, as an overall trend and in particular between periods 3 and 4, raw material prices increased substantially (+19%). Over the same period, the retail price increased by 14% (only since 2011 has a distinction been made between processing and retail stages).

This figure above shows that the share of raw materials (i.e. carcasses) accounts for 47% of the total costs at the point of sale to the consumer, in the latest period. The same data show that the share of raw material accounts for more than two thirds of the production costs of the processing stage, which is a considerable weight. Thus, it seems obvious that any change in carcass prices would have a great impact on total beef costs.

The figure below (based on French data) also shows long-term trends in raw material and retail prices along with a gross margin figure for the industry and retail stages (1998 = 100).

* 1.52 includes an operating margin equal to 0.05 EUR / kg cwe

Source: AND International based on ‘Observatoire de la formation des prix et des marges des produits alimentaires 2015’ FranceAgriMer

---

53 Share of raw material at processing stage in France for Period 4 = 3,12/(3,12+1,52)
The figure above shows a continuous increase in retail prices while raw material prices have fluctuated. The impact of the second BSE crisis on raw material (carcass) prices can clearly be observed. The industry and retail gross margin differs, showing an opposite trend to that of the raw material prices: the gross margin decreased as raw material prices rose and vice versa. This illustrates the fact that the most crucial factor affecting stakeholders’ margins is the price of raw materials.

Immediately after 2000 corresponding to the implementation of the Regulation, the processing and retail margin increased by 22%. The main reason was a drop in carcass prices: as explained in Evaluation Question 1, the processing industry and retail margins act as a buffer for fluctuations in carcass prices. These margins increase when carcass prices decrease and they drop when carcasses become more expensive. Immediately after 2000 processing companies have had to deal with higher costs (management of traceability, management of banned materials, and also compulsory labelling). Fortunately, these increased costs coincided with a period of low carcass prices, allowing processing companies to absorb these costs in their selling prices.

6.1.2 Indicator 2: Trends in average turnover per economic operator

The following figures for the beef sector compare trends in turnover per enterprise with the number of enterprises for each evaluated Member State.

In most of the Member States studied, there is a trend towards concentration in the beef sector. As the number of enterprises has decreased, so the turnover per enterprise has grown. Only Germany and Spain, and to a lesser extent Ireland, have seen their number of enterprises increase. In Germany however, our interviewees agreed that the cost of complying with traceability requirements has led to the concentration of the beef industry. Small and medium-sized firms found setting up compliance systems to be prohibitively expensive.

Our Italian case study also highlighted this concentration phenomenon, even if the beef industry in Italy is still fragmented. Beef slaughtering is highly concentrated in the northern regions of the country (accounting for around 80% of total slaughtering in Italy during 2013). Over the last decade, the slaughtering industry has undergone a process of restructuring and concentration, with less efficient and less competitive businesses leaving the sector. In northern Europe (France, Germany, the United Kingdom, and the Netherlands), a significant number of mergers have occurred.

The explanation behind this trend is multifactorial, and includes the impact of the absorption of labelling costs at both the processing and retail stages. The main factors explaining the concentration of the sector are the reducing size of the market, and as clarified further (Indicator 5), a changing of customer expectations in beef products, leading to technical improvements that not all firms could afford.
Figure 28 – Trends in the number of economic operators and turnover per economic operator

Source: AND International based on Eurostat data
6.1.3 Indicator 3: Trends in performance indicators in the sector

We extracted performance indicators relating to the sector from the Eurostat database. The following text sets out trends for two of these indicators: value added and gross operating surplus (GOS).

According to Eurostat definitions, value added at factor cost is the ‘gross income from operating activities after adjusting for operating subsidies and indirect taxes’. The value added is equal to the revenue minus the raw material bought by the economic operator and minus the external operating expenses of the company (such as transport, fees, insurance, etc.). The value added must cover personnel costs and other expenses (such as depreciation, amortizations, and financial expenses) and, also, the company operating profit.

GOS is defined as ‘value added minus personnel costs’. It is the surplus generated by operating activities after the labour factor input has been recompensed. In other words, it is the balance available to economic operators which allows them to repay debts and reward shareholders, to pay taxes and to finance investment.

Figure 29 – Trends in performance indicators for the beef industry (case study Member States)

Source: AND International based on Eurostat data
The figure 29 present trends for added value and GOS in each of the case study Member States. Both indicators are related to the overall turnover of the sector. Generally speaking, both ratios are relatively low. The following points are worth noting:

- The median added value ratio amounts to 12% in Period 4.
- GOS takes into account the cost of taxes and labour force. The median of the ratio amounts to 4% in Period 4 which is a modest level. It reveals the low profitability of the sector.

According to stakeholders, the implementation of the beef labelling rules mostly created extra labour charges for economic operators in the sector. To some extent, therefore, the rules contributed to lowering the level of GOS.

MAIN FINDINGS FOR SUB-QUESTION 1 – TRENDS IN PRODUCTION COSTS AND PRICES AT SLAUGHTERING AND MARKETING STAGES

According to Indicator 1, costs and prices at slaughtering and marketing stages have increased over the examination period because of the increase in cattle prices. Raw material costs account for 67% of the total cost at processing stage and 47% of the total cost at the point of sale. The analysis of both Spanish and French value chains enables us to estimate an average production cost of 1.62 EUR/kg cwe at the processing stage.

An examination of the structural elements of the beef sector in the Member States studied shows that turnover per economic operator is steadily growing, reflecting an increasing concentration in the sector (Indicator 2).

Our analysis of the sector’s key performance indicators shows low ratios for both added value and gross operating surplus. This results from the fact that raw materials account for a high share of total production costs as demonstrated in Indicator 1. On the whole, the bovine industrial sector shows low productivity (Indicator 3).

Stakeholders claim that the implementation of the Regulation has contributed to all of these trends as it has increased the cost of production to a level that not all firms can afford. Labelling rules have imposed an additional burden on firms in the bovine sector.

6.2 Additional costs related to labelling and adaptation of actors

In answering the second sub-question, it is firstly important to note that the farming stage does not play a significant role in our analysis. This is because beef carcass prices do not directly result from production costs, but rather from the market balance between supply and demand.

6.2.1 Indicator 4: Share of traceability and labelling costs and stakeholders’ opinions

a) Share of traceability and labelling costs at industrial and retail stages

In theory, traceability and labelling costs should be composed mostly of labour and investment. Costs related to labour directly involved inlabelling are quite easy to identify. However, the loss of time in the supply chain, as producers switch from working on one batch to another, is difficult to estimate. Regarding investment, it is important to note that the evaluation of this cost must take into account the annual depreciation, for example, reflecting the diminishing value of IT equipment. The stakeholders interviewed also found this cost complicated to evaluate.

From an analytical point of view, these costs can be divided into four components:

- IT equipment (software, labels, etc.);
- Control (control body fees, internal quality programmes, etc.);
- Raw material costs (higher costs related to sourcing beef of national origin i.e. from a smaller pool of supply, etc.);
- Supply chain management (batch management, loss in productivity, etc.).

Our data, collected through the national case studies, show the extreme difficulty the stakeholders face in gathering this information. It is important to note that labelling costs themselves are not monitored, nor can they be isolated, by any stakeholder. Most of the stakeholders interviewed were unable to provide us with their overall costs.
The following table gathers the various cost data we collected through the case studies. These data are presented in terms of EUR/kg cwe. We will focus here on the costs resulting from compliance with the compulsory labelling rules.

We identified two types of costs:

- **Specific costs**, regarding IT equipment and ‘internal controls’, corresponding to the labour carrying out internal controls. These costs are quite easy to identify;
- **Overall costs**: a few stakeholders were able to give indications about their overall labelling costs, covering the four components described above.

### Table 24 – Traceability and compulsory labelling costs

<table>
<thead>
<tr>
<th>EUR / kg cwe</th>
<th>Overall costs</th>
<th>Specific costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total identified cost</td>
<td>Internal control (labour force)</td>
</tr>
<tr>
<td>Spain</td>
<td>0.120</td>
<td>n.a.</td>
</tr>
<tr>
<td>United Kingdom*</td>
<td>0.02 to 0.05</td>
<td>n.a.</td>
</tr>
<tr>
<td>Ireland*</td>
<td>0.02 to 0.05</td>
<td>n.a.</td>
</tr>
<tr>
<td>Poland</td>
<td>0.196</td>
<td>n.a.</td>
</tr>
<tr>
<td>Germany</td>
<td>n.a.</td>
<td>0.0012</td>
</tr>
<tr>
<td>France</td>
<td>0.10</td>
<td>0.0016</td>
</tr>
<tr>
<td>Italy</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

Source: AND International based on our national case studies. (*) For the United Kingdom and Ireland, our data suggests traceability and labelling costs represent a share of between 1% and 3% of total production costs at the processing stage. As presented for Indicator 1, we have retained a figure of 1.62 EUR/kg cwe as a reference for this cost.

The diversity of the data gathered illustrates the broad scope of costs identified in the case study Member States. In terms of the ‘specific identified costs’, the data we collected in Germany and France are coherent. As regards overall costs, the data diverges significantly, ranging from 2 to 20 cents/kg cwe. Scarcity and heterogeneity of data reflects the fact that the cost of compulsory labelling is not analysed as a specific cost by most economic operators in the beef sector. It also shows the limitations of the analysis.

Nevertheless, we can consider that this cost is somewhere between 0.05 EUR/kg cwe and 0.20 EUR/kg cwe, with a median value around 0.10 EUR /kg cwe.

We will keep this figure for the following argumentation. It is important to note that this estimate is only theoretical, considering its calculation.

This cost actually represents the loss of productivity in relation to the current beef labelling rules due to the following trends:

- The complex requests from customers regarding origin, including preferences for beef from certain European countries or the demand for single-origin production batches;
- The loss in time with batch management;
- The more complex the rules are, the higher the probability of human error is;
- The loss of storage space due to numerous batches.

The next salient question is: how significant are labelling costs as a share of total processing costs and of retail prices? In order to answer this question, the available data are presented in the table below.

---

54 It might at first seem surprising that Poland appears to be the most costly Member State with regard to labelling costs. However, an explanation may be found if we consider Polish producers had to catch up with their Western European counterparts and invested, in order to meet European rules with regard to traceability and labelling, only after Poland’s EU accession in 2004. This point was often stressed during interviews with Polish stakeholders, stating that the necessity to adapt to EU technical and sanitary standards was associated with high expenditure. These investments have resulted in higher production costs and lower profitability of meat plants.
Table 25 – Compulsory labelling costs at the processing stage

<table>
<thead>
<tr>
<th>Reported to</th>
<th>Minimum</th>
<th>Median</th>
<th>Maximum</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>carcass weight</td>
<td>Unit: EUR/kg cwe</td>
<td>0.05</td>
<td>0.10</td>
<td>0.20</td>
</tr>
<tr>
<td>net weight</td>
<td>Unit: EUR/kg net weight</td>
<td>0.07</td>
<td>0.14</td>
<td>0.28</td>
</tr>
<tr>
<td>processing cost</td>
<td>Unit: %</td>
<td>3.1%</td>
<td>6.2%</td>
<td>12.3%</td>
</tr>
<tr>
<td>including the retail margin (reported to net weight)</td>
<td>Unit: EUR/kg net weight</td>
<td>0.10</td>
<td>0.21</td>
<td>0.42</td>
</tr>
<tr>
<td>reported to retail price</td>
<td>Unit: %</td>
<td>1.1%</td>
<td>2.2%</td>
<td>4.4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.5%</td>
<td>1.0%</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

Source: AND International based on field survey, FranceAgriMer, Magrama, RNM (Réseau des Nouvelles des Marchés)

Looking at the theoretical median estimate for compulsory labelling costs as a proportion of carcass weight, we can observe that the cost of 0.10 EUR/kg carcass weight is equivalent to 6.2% of the processing cost. At EU level, considering that the EU-27 slaughtered 7,224,000 tonnes cwe in 2013, our estimate leads us to suggest the total cost to the European meat industry of complying with traceability and labelling requirements is approximately EUR 722,400,000.

Based on the following assumptions the impact of labelling rules on consumer prices can be estimated thus:

- Considering a standard yield of 70% once the carcass is transformed into cuts, the theoretical median cost for compulsory labelling at processing stage becomes 0.14 EUR/kg net weight.
- The cost at the retail stage can then be calculated. To be consistent with what the interviewees said, we consider that the entire labelling cost is passed to the retailer and to the consumer i.e. these costs are finally fully borne by the consumer in the price of beef. Contrary to the sharp variation of raw material price that is globally absorbed by the retailers (buffer effect), the slight theoretical labelling cost can be directly transferred to the consumer price.
- If we consider the widely applied retailers’ margin rate of 50% to the extra labelling cost of 0.14 EUR/kg net weight to take into account the downstream margin, we obtain the compulsory labelling cost at retail stage. We get a median figure of 0.21 EUR/kg net weight, with a minimum of 0.10 and a maximum of 0.42 EUR/kg net weight.
- Next, the share of compulsory labelling cost in the retail price is calculated, by applying the theoretical estimate of 0.21 EUR/kg net weight to beef retail prices. The table below includes two calculations: one for minced beef (the most popular beef product)\(^{55}\) and one for rib steak (premium beef)\(^{56}\). The relationship between labelling costs and both beef retail prices gives a range of rates between 0.5% (the lower cost hypothesis reported to the premium beef price) and 4.4% (the higher cost hypothesis reported to minced beef). The median cost of compulsory labelling reported to minced beef gives a 2.2% rate when it is only 1% for the rib steak.

It is also important to consider the impact of compulsory labelling costs at retail stage throughout the period subject to this evaluation. The table below shows the increase in retail prices of minced beef and premium cuts in France between 1996 and 2013.

---

55 Minced beef accounts for 30% of the French beef retail market. The most popular product is the 15% fat ‘steak haché pur bœuf’ whose average retail price was 9.7 EUR / kg in 2013.
56 Retail prices are average prices in French supermarkets in 2013 according to RNM
Table 26 – Compulsory labelling costs (estimates given in EUR / kg) as a share of retail prices

<table>
<thead>
<tr>
<th>EUR / Kg net weight</th>
<th>Minced beef</th>
<th>Premium cuts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retail price in 1996</strong></td>
<td>6.09</td>
<td>13.11</td>
</tr>
<tr>
<td><strong>Retail price in 2013</strong></td>
<td>9.70</td>
<td>20.90</td>
</tr>
<tr>
<td><strong>Retail price change between 1996 and 2013</strong></td>
<td>3.62</td>
<td>7.79</td>
</tr>
<tr>
<td><strong>Median labelling cost (retail stage)</strong></td>
<td>0.21</td>
<td>0.21</td>
</tr>
<tr>
<td><strong>Labelling cost impact (retail stage)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Median as a share of the change in retail price (%)</strong></td>
<td>5.8%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

Source: AND International based on FranceAgriMer / RNM

The theoretical median impact of compulsory labelling at the retail stage (0.21 EUR/kg net weight is applied) to the difference between retail prices in 1996 and 2013 to obtain the apparent contribution of compulsory labelling costs to the general rise in beef prices. According to this calculation, compulsory labelling is responsible for 5.8% of the rise in the retail price of minced beef price and 2.7% of the increase in the price of premium cuts.

b) Stakeholders’ opinions

Table 27 – Stakeholders’ opinions regarding traceability and labelling costs

<table>
<thead>
<tr>
<th>Country</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>All interviewees agreed on one point: requirements linked to the labelling system have become part of the routine over the last 15 years in all meat companies. The meat company federation described labelling requirements as production costs which are paid by the final consumer without any return on investment. Batch management is the biggest difficulty meat companies have to deal with. The issue for them is to evaluate whether it is worth printing a specific label characterised by the four steps involved in origin labelling. It is only possible when batches have a reasonable size.</td>
</tr>
<tr>
<td>France</td>
<td>Numerous voluntary labelling schemes have been implemented to meet various consumer and retailer expectations linked to the extreme segmentation of the French market. This has led to an exponential rise of small-sized-production batches with, therefore, difficulties in batch management. Most plants are not used to full capacity; therefore processing costs are often higher than in other Member States. According to a major industry stakeholder, traceability and labelling requirements would have been implemented anyway without the regulation, in response to the increasingly complex demands of customers, and in step with an overall context in which food laws, guarantees of supply and all required specifications have to be verifiable. In this case, a plant producing 500 tonnes cwe a week is audited every two days in order to check all the compliance requirements.</td>
</tr>
<tr>
<td>Italy</td>
<td>The most significant costs were sustained in 2000 and 2001 (setting up IT systems for traceability, training staff etc.). The heterogeneity of data exchange standards along the supply chain represents a difficulty. The most significant cost today, although impossible to quantify, is due to the complex organisation of production necessary to ensure the homogeneity of raw materials in terms of origin, since separation of raw materials and semi-finished product into homogeneous batches is required. This is considered to hinder productivity at processing stage. According to food retail chain representatives, the costs are very difficult to quantify as the related activities are fully integrated in the activities that are performed daily.</td>
</tr>
</tbody>
</table>
Spain
According to the stakeholders interviewed, the measures linked to traceability are now part of the routine of meat companies.
As regards compulsory labelling of origin, the meat companies interviewed generally agreed that this is costly and useless regarding the sanitary safety of food products, as operators within the European Union are subject to the same requirements.
The costs generated by compulsory labelling are directly linked to the level of complexity of the activity (cutting activities, second processing, diversity of sales channels) and mainly due to batch management.
The retailers interviewed were not able to quantify the costs linked to compulsory labelling but they all agreed that these have had an impact on the final price paid by the consumer. They favour a simplification of the information displayed on labels with a simple reference to 'Origin: EU/non EU'.

United Kingdom
During processing, batches have to be further subdivided. This is further complicated by retailers increasingly requiring beef processors to put a lot more information on labels than called for by the compulsory rules.
For all meat companies, the main issue was the cost of the time required to adapt to the new rules (software, staff training etc.). Equipment costs are an issue for small businesses.
The labour costs of dealing with the bureaucracy of the beef labelling rules are much more significant that the related physical labelling costs.

Ireland
The processing sector had to reduce batch sizes for slaughtering, deboning and retail packing to control the information and provide traceability information as far back as the farm.
Apart from investments made in IT, extra costs have been identified relating to: extra management, planning controls, paperwork, batching and changeover time between batches, as well as breakdown times, and also internal and external business audits.

Poland
Large companies have usually coped successfully with the implementation of compulsory labelling, notwithstanding increased competition for raw materials in order to ensure batch uniformity, because they usually have a wide range of suppliers due to the significant fragmentation of beef production. Small and medium-sized enterprises have met more problems, particularly regarding investment in IT equipment. The Regulation has increased the demand for professional services provided by specialised companies.

<table>
<thead>
<tr>
<th>6.2.2 Indicator 5: Trends in supply chain organisation and marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Trends in supply chain organisation</td>
</tr>
<tr>
<td>We have identified three major trends in the organisation of the supply chain directly linked to the implementation of traceability and labelling rules. These relate to day-to-day activity with a multiplication of the number of batches (trend No 1); and, regarding the whole sector, greater concentration in the sector (trend No2) and a trend towards fewer raw material suppliers (trend No 3). These last two trends are linked and have contributed to a reduction in the overall number of economic operators.</td>
</tr>
<tr>
<td>The issue of an increase in the number of batches processed has been highlighted by almost all the firms interviewed during our case studies. Strict rules regarding the constitution of uniform batches have led to a decrease in batch size, and consequently, to an increased number of batches for the same beef volume, ‘wasting’ storage space.</td>
</tr>
<tr>
<td>• Several criteria are used by firms when putting batches together. Some of them go further than the compulsory requirements, concerning for instance animal category, breed or type of stock (milk or beef cows), to meet customer expectations.</td>
</tr>
<tr>
<td>• The following table shows the average number and weight of beef batches in comparison with pork and mutton in France. It relies on data collected by FNICGV (French National Federation of Industry and Wholesale trade of Meats) from a sample of 60,000 tonnes cwe of meat, of which 50% was beef. As can be seen below, beef batches are much more numerous and lighter than pork and mutton batches.</td>
</tr>
</tbody>
</table>
### Table 28 – Opinion of stakeholders regarding traceability and labelling costs

<table>
<thead>
<tr>
<th></th>
<th>Received batches</th>
<th>Processed batches</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average number of batches</td>
<td>Average batch weight (kg cwe)</td>
</tr>
<tr>
<td>Beef</td>
<td>43,500</td>
<td>650</td>
</tr>
<tr>
<td>Pork</td>
<td>3,000</td>
<td>2,200</td>
</tr>
<tr>
<td>Mutton</td>
<td>24,000</td>
<td>2,500</td>
</tr>
</tbody>
</table>

Source: AND International based on FNICGV data (2011)

The concentration of the sector, described under Indicator 2 in part 6.1.2, has been highlighted in several of our case studies (France, the United Kingdom and Italy). Several facts contribute to this concentration:

- A lower consumption of beef is one of the most important contributory factors, as a sector without growth will not create new production units;
- An important development is that the final cutting operation now happens at processing stage and no longer at retail stage. Stakeholders must have the appropriate (and costly) equipment to respond to retailers’ requests, and not all have been able to afford it;
- Moreover, minced beef has obtained a higher market share throughout the period under consideration. Production of industrial minced beef takes place in highly specialised large-scale plants, making the sector even more concentrated as medium and small-sized-stakeholders are almost entirely excluded from this production;
- Finally, labelling and packing requirements have also contributed to the concentration of the sector, because of the necessary investment that some firms simply cannot afford.

The reduced number of raw material suppliers is mostly attributable to processors seeking to simplify their purchases. This simplification is characterised by:

- Processors preferring animals born, fattened, slaughtered and cut in the same Member State (and thus eligible for a single national origin indication in accordance with the Regulation). This preference is shared by both processing and retail stakeholders, with some specific exceptions (e.g. catering industry);
- Processors seeking to consolidate the number of registration systems they deal with when receiving batches. The implementation of traceability requirements by firms implies the homogenisation of input data coming from several suppliers. This is time consuming, as every upstream supplier has its own registration system, without creating any added value.

b) Trends regarding the marketing mix

Several factors have affected the marketing mix. The most important is the enhancement of product marketing. Before the BSE crises, beef was a commodity, with no qualitative differentiation, essentially relying on breeding methods. The sales denominations relied mainly on cut names and consumer confidence was higher in retail outlets than in the meat itself.

The entry into force of the EU labelling rules immediately after the crises increased the marketing expectations of retailers and consumers and led meat processing companies to develop their skills in this domain. On the one hand, the compulsory traceability system helped to develop a labelling culture based on the characteristics of the animals, including their origin. It has led to the renationalisation of beef markets (see Evaluation Question 1). On the other hand, progress in the technical aspects of labelling have encouraged the development of large cutting and packing plants, whose outputs have replaced the packs prepared at the point of sale. These large plants are best adapted to implement the compulsory (and voluntary) labelling rules.

As previously explained, the number of batches has multiplied as a result of the implementation of the Regulation. It must be noted, however, that this is also the result of an increased demand for professional services provided by specialised companies to downstream customers (third processing firms or retailers). This possibility, presented by the implementation of the Regulation, has led to a high level of segmentation of the production line. The most segmented market is France due to the organisation of the retail market in that country, with superstores offering a wide range of prices from basic products upwards. During the study, a French processing firm producing packed beef for the French retail market offered the following example: discounters offer their customers four product lines and hypermarkets offer their customers forty-two product lines.
As previously explained, requirements demanded by downstream customers include extra criteria in addition to the compulsory ones for the constitution of batches. Apart from breed or animal type, criteria sometimes tend to exclude some undesirable countries of origin. This is justified by retailers on two grounds:

- Simplifying labelling by simplifying consumer purchasing habits;
- Distrust on the part of customers towards these ‘undesirable countries’.

Cutting plants therefore face greater difficulties controlling their supply in opposition with both slaughtering and cutting plants, as they must meet the demand for uniform batches, preferably from the same country, in accordance with the preferences of downstream customers. Even firms which both slaughter and cut struggle to meet this challenge given the difficulty of avoiding purchasing some beef of foreign origins. In Germany, a large meat company explained that it dedicated one of its plants for all its ‘non-4D beef’. While this company can afford to organise its operations in this way, as it can find a market for ‘non-4D beef’\(^{57}\), this cannot be said for all operators in the sector.

Finally, the specific case of trimmings was raised by one of the meat company associations interviewed. Trimmings represent between 5% to 15% of total beef production, while their final destination are beef-based processed products and pet food. Trimmings are never sold directly as ‘fresh beef’ for human consumption. Neither of the current regulations on pet food labelling and beef-based processed products (with the exception of minced meat) require country of origin information to be supplied. As of the present time, providing origin labels for trimmings is not seen to add value. Nevertheless, there is a debate concerning the need for beef-based processed products to carry origin labels. Any new regulation imposing an obligation for beef-based processed products to be origin labelled would increase the importance of origin labelling for trimmings.

\(^{57}\) i.e. beef for which at least one of the stages of production had taken place outside of Germany.
c) Stakeholders’ opinions

**Table 29 – Stakeholders’ opinions regarding developments in the organisation of the supply chain and additional costs related to labelling rules**

<table>
<thead>
<tr>
<th>Country</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>One of the most widespread practices among meat companies is to use a single label as the easiest possible way to display the origin of beef and in particular, for meat produced in Germany, references to the ‘4D beef’ scheme.</td>
</tr>
<tr>
<td>France</td>
<td>The sector has concentrated.</td>
</tr>
<tr>
<td>Italy</td>
<td>The implementation of the Regulation has contributed to a better organisation of the sector from upstream to downstream.</td>
</tr>
<tr>
<td>Spain</td>
<td>The implementation of the Regulation has led to the closure of the smallest slaughterhouses that could not make the investments required to modernize and implement traceability procedures. It also helped in the restructuring of the sector from upstream to downstream.</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>According to interviewees, voluntary beef labelling rules, even more than the compulsory rules, have boosted the demand for beef of national origin along with other ‘attributes’, such as the ‘Red Tractor’ assurance scheme or the British Retail Consortium (BRC) banner.</td>
</tr>
<tr>
<td>Ireland</td>
<td>It was reported that many of the smaller retail butchers in rural areas and smaller market towns that had a closer connection to their source of supply have benefited through being more easily able to reassure consumers about the local source of supply than butchers in more urban areas or supermarkets.</td>
</tr>
<tr>
<td>Poland</td>
<td>Due to the high level of fragmentation in beef production, a lot of meat plants are trying to acquire slaughter animals directly from producers by creating a network of suppliers, leading to a greater integration of beef processors and breeders. Retail networks have developed private label products while discount chains have introduced branded products of well-known processors. Finally, small plants try to meet the needs of local consumers. Medium-sized companies often have their own chains of stores.</td>
</tr>
</tbody>
</table>

**MAIN FINDINGS IN SUB-QUESTION 2 – ADDITIONAL COSTS RELATED TO LABELLING AND ADAPTATION OF ACTORS**

Stakeholders find labelling costs very difficult to identify, as they are now integrated in the firms’ general operating costs. Nevertheless, traceability and labelling costs can be estimated between 0.05 and 0.20 EUR/kg cwe at processing stage with a theoretical median value of around 0.10 EUR/kg cwe (Indicator 4). In relation to the average processing cost of 1.62 EUR/kg cwe (based on an average of Spanish and French official data) the ratio between traceability and labelling costs is ranging between 3.1% and 12.3% with a median value of 6.2%. The theoretical median of 0.10 EUR/kg cwe for traceability and labelling cost leads to a total cost to the EU meat industry of EUR 722,400,000.

Considering the theoretical full transfer of costs to retail price according to the interviewees, labelling costs at retail stage represented between 1.1% and 4.4% of the retail price for minced beef in 2013, with a theoretical median of 2.2%; while it was between 0.5% and 2.1% for French premium beef in 2013, with a median of 1%. Between 1996 and 2013, according to our estimates, median labelling costs were responsible for between 2.7% (premium cuts) and 5.8% (minced meat) of the rise in the retail price of beef.

The most costly element at processing stage seems to be batch management. It is time consuming, firstly because processors rely on heterogeneous input data from different suppliers, and secondly because of the increase in the number of smaller batches. The labour costs for dealing with the bureaucracy of the beef labelling rules are much more significant than the related physical labelling costs.

Nevertheless, our findings have to be qualified as, according to meat firms, these operational developments would have occurred anyway. On the one hand, the Regulation increased the demand for professional services provided by specialised companies. On the other hand, marketing expectations with regard to beef have increased among downstream stakeholders, including the final
consumer. The general context has also developed over the last fifteen years, with downstream stakeholders demanding greater reassurance with regard to commercial operations and stricter product specifications demanded by retailers, leading to a significant increase in the frequency of audits for processing firms. These developments in a wider context of the beef market have led to firms’ adapting their operations in a similar manner to the current arrangements.

The supply chain organisation and marketing developments have been impacted by the implementation of labelling rules, as actors adapted their supply strategy to reduce their traceability and labelling costs (Indicator 5). One of the first concrete effects of the Regulation is to be found in the increasing number of batches. On the one hand, this contributed to the concentration of the sector through a reduction in the number of suppliers, as processors seek to simplify their raw material purchases in order to produce homogeneous batches. On the other hand, in countries such as Italy, Spain and Poland, the labelling rules have helped the sector to restructure with stakeholders at various stages of the supply chain obliged to communicate with each other in order to implement the Regulation.

We have also identified some unexpected effects due to the implementation of the Regulation:

- A trend towards the renationalisation of the beef retail market, as retailers (particularly in Western Europe) did not wish their beef to be sourced from certain ‘undesirable’ EU Member-States. This is clearly inconsistent with the overriding logic of the common market;
- The implementation of the Regulation coincided with growing expectations regarding beef quality on the part of retailers, particularly concerning attributes provided in accordance with the voluntary rules. These demands are directly linked to the development of marketing techniques by processors and retailers;
- Regarding the specific case of trimmings, our case studies have underlined the fact that origin labelling is unnecessary, given the markets for these products do not generally value origin labelling (which does not need to be supplied in order to comply with current legislation on pet food or processed products).

6.3 Market share evolution of beef products

6.3.1 Indicator 6: Trends in the share of national production as a proportion of total consumption

The majority of the case studies and evidence provided by the stakeholders point towards a renationalisation of the retail market within the examination period, particularly following the BSE crises (see Indicator 6 of Evaluation Question 1). However, the demand for national origin already existed before the first BSE crisis in some Member States, such as France, Ireland and Germany.

At the same time, however, the share of beef imports in national consumption rose, particularly after the second BSE crisis. It is important to note the specific case of the United Kingdom where the share of imports rose to over 40% of total consumption between 2003 and 2004 before dropping back to 30%. From the stakeholders’ point of view, imported beef is now targeted chiefly at the catering industry.

We can therefore conclude with regard to trends in the share of national production as a proportion of total consumption:

- In recent years, national production has accounted for an increased share of beef sold on the retail market;
- National production accounts for a smaller share of beef supplied to the catering industry than was the case prior to the introduction of the labelling rules.
**6.3.2 Indicator 7: Importance of voluntary labelling schemes**

a) Number and nature of voluntary labelling schemes

Two types of voluntary labelling schemes have been identified: registered schemes, in compliance with the Regulation and other ‘voluntary’ schemes (including GI products and indications of organic status) which fall outside the scope of the beef labelling rules.

According to DOOR, 41 products are registered in the beef sector as GI products.

The following table presents the registered voluntary labelling schemes in the Member States studied with the stakeholders’ comments collected.

<table>
<thead>
<tr>
<th>Number of vol. lab. schemes</th>
<th>Stakeholders’ opinions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>161</td>
</tr>
<tr>
<td>France</td>
<td>30</td>
</tr>
<tr>
<td>Italy</td>
<td>161</td>
</tr>
<tr>
<td>Spain</td>
<td>187</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>995</td>
</tr>
<tr>
<td>Ireland</td>
<td>45</td>
</tr>
<tr>
<td>Poland</td>
<td>1</td>
</tr>
</tbody>
</table>

**Table 30 - Registered voluntary labelling schemes (case study Member States)**

<table>
<thead>
<tr>
<th>Number of vol. lab. schemes</th>
<th>Stakeholders’ opinions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>The main criterion is animal category, especially <em>Jungbullen</em> (young bovine) and <em>Fårser</em> (heifers). Three other criteria are significant: breed, feed and meat maturation. Voluntary labelling has become a marketing device.</td>
</tr>
<tr>
<td>France</td>
<td>Numerous voluntary labelling schemes have been implemented to respond to various consumer expectations (this is an extremely segmented market), causing difficulties for processors in terms of batch management. The main criteria are the area of production and the breed. The voluntary schemes are managed by the national inter-branch association.</td>
</tr>
<tr>
<td>Italy</td>
<td>The most common information presented through the approved voluntary labelling schemes is: category of animal (vitellone, scottona, etc.), age of the animal, the name and place of breeding farm and genetic type, with an incidence of respectively 94%, 85%, 84%, 83% of the schemes, followed by date of slaughter (73%) and fattening period in Italy (71%).</td>
</tr>
<tr>
<td>Spain</td>
<td>The main criteria are origin (at regional or sub-regional scale ‘Comunidades Autonomas’ or ‘Provincias’), animal feed, animal breed, animal age, as well as animal welfare.</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>The main criteria are local origin, farm, county or regional definitions not covered by the PDO/PGI schemes, then specific breeds (such as Aberdeen Angus and Hereford cattle), maturation regime, diet, system of production, sex and age at slaughter.</td>
</tr>
<tr>
<td>Ireland</td>
<td>None</td>
</tr>
<tr>
<td>Poland</td>
<td>The unique voluntary labelling scheme is the Quality Meat Programme (QMP) within the ProOptiBeef project, in order to adjust the quality of the meat produced to consumer expectations, to select the products and the method of packaging of the final product offered to customers, and to educate consumers in the culinary preparation of the product.</td>
</tr>
</tbody>
</table>

Source: AND International based on data from BLE (Germany), Idele (France), Mipaaf (Italy), Magrama (Spain), RPA (United Kingdom), DAFM (Ireland), PZPBM (Poland)

The number of registered labelling schemes is quite high. More than 60% of the schemes are registered in the United Kingdom. Moreover, it is worth noting that not all the schemes of downstream stakeholders have been registered as voluntary labelling schemes compliant with the Regulation.

The specific Polish case is interesting as only one voluntary labelling scheme has been registered, which serves a dual purpose: restructuring the sector and improving the quality of the beef from national origin.

b) Share of products under voluntary labelling schemes

According to the data collected (displayed in the table below), with the exception of Poland, voluntary labelling schemes represent 20% to 60% of every national retail market. The weighted average for the six Member States amounts to 23% of the beef sold in accordance with voluntary labelling schemes in national domestic consumption, which is quite a significant share.

Consumption habits in certain Member States have helped to retain a relative high market share for products subject to voluntary labelling schemes, such as claims denoting breed in France or animal category in Germany. There is a trend toward reinforcement of the voluntary labelling schemes, linked with the need to reassure downstream stakeholders.
### Table 31 – Share of products subject to voluntary labelling schemes

<table>
<thead>
<tr>
<th>Country</th>
<th>Share of voluntary labelling schemes in beef market</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>According to the interviewees, the share of German beef labelled in accordance with voluntary labelling schemes represents 20 to 30% of the total volume of beef consumed in Germany.</td>
<td>The Qualität und Sicherheit (QS) system is not consistent with the Regulation because it concerns traceability throughout the supply chain from downstream to upstream, rather than relating to a particular product. Around 90% of pre-packaged meat sold in Germany bear a sticker displaying the QS logo. This, therefore, is difficult to grasp for the average consumer who often thinks that QS is a label for safe food.</td>
</tr>
<tr>
<td>France</td>
<td>In 2012, 6% of the cattle slaughtered were produced under an official quality label (in France, this category includes PDO/PGI schemes as well as State owned collective brands ‘Label Rouge’, and organic label). The share of beef produced under a voluntary scheme is much higher and has been on the increase for several years, while the share of official quality labels tended to decrease. There are no figures available on the volumes involved. However, each major retail chain offers consumers at least one kind of voluntary labelled beef, representing at least 20% of all beef offered for sale.</td>
<td>The logo ‘Viande Bovine Française – VBF’ is not a voluntary labelling scheme as such, it presents information which must in any case be provided in accordance with the compulsory rules. No data are available on the market share of ‘VBF’.</td>
</tr>
<tr>
<td>Italy</td>
<td>Beef processors and other sector representatives agree that beef subject to the voluntary labelling scheme accounts for a large share of the market in Italy, most certainly over 50%.</td>
<td>There is general consensus that the voluntary labelling system has been very effective and useful in Italy. However, consumers are not provided with all information pertaining to the different schemes, therefore they only partly benefit from the system. In this sense, voluntary labelling mostly represents a marketing tool to stand out in the market thus improving business competitiveness, as well as a mean of insuring access for meat producers to the big retail chains.</td>
</tr>
<tr>
<td>Spain</td>
<td>About 40% of cattle slaughtered in Spain are subject to the voluntary scheme according to producers and meat processors. Nevertheless, at the end of the supply chain, only 50% are labelled at the retail stage.</td>
<td>Voluntary schemes including labelling of origin mainly concern regional origin and should continue to develop in the near future.</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>About 20% of the beef sold in the United Kingdom is marketed using identifying ‘attributes’ that would have required registration under the voluntary beef labelling scheme.</td>
<td>Since 1996, there has also been a trend to further the re-assurance factor, by increasing the ‘attributes’ of the beef sold along the lines of those required in voluntary labelling schemes. Whether this has been done more to insist on quality over the standard assurance factors, rather than differentiate the product to increase sales opportunities, is open to debate.</td>
</tr>
<tr>
<td>Ireland</td>
<td>The Irish market share for voluntary labelled beef is at least 60%.</td>
<td>None</td>
</tr>
<tr>
<td>Poland</td>
<td>2-3% of the beef market.</td>
<td>The quality assurance systems in food production in Poland have only been introduced in recent years. For now, consumers tend not to recognise products with quality labels which are hard to find in stores. They are bought by the most aware consumers, but because of higher prices this has remained a niche market.</td>
</tr>
</tbody>
</table>
6.3.3 Indicator 8: Evolution of the organisation of the supply chain

In the foregoing text, we explained the renationalisation of the beef market at retail stage, and saw that imported beef is targeted at the catering industry (see Evaluation Question 1). These trends have concrete consequences for stakeholders. We also identified the phenomenon of increasing concentration in the sector, as explained in sub-question 1 of this Evaluation Question.

The following table presents stakeholders’ opinions on developments in the organisation of the supply chain in relation to trends in the beef retail market.

<table>
<thead>
<tr>
<th>Country</th>
<th>Stakeholders’ opinions regarding developments in the organisation of the supply chain in relation to trends in the beef retail market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>The ‘4D’ beef scheme is the solution found by meat companies to meet retailer demands for simple labelling, leading to the renationalisation of the German beef retail market. Only a few downstream operators accept ‘non-4D beef’. This is the case for some retail chains, for some processing plants (including the kebab industry where origin is not an issue and minced beef for the catering industry, including fast food burger chains), or for small butchers’ chains who are able to explain any specific origin directly to their customers.</td>
</tr>
<tr>
<td>France</td>
<td>Retailers demand a wide range of voluntary labelling schemes to respond to numerous consumer expectations. The market has thus become extremely segmented, resulting in new difficulties in batch management. In the catering sector, most beef offered is imported. However, as restaurants have to display the origin of the meat, some demand a restricted list of countries of origin from their suppliers. For instance, they ask for German, Irish or Dutch beef, as these countries have a positive image in terms of quality.</td>
</tr>
<tr>
<td>Italy</td>
<td>The implementation of the Regulation contributed to the organisation of the sector, from upstream to downstream, at the behest of retail chains. Compared to other European countries, beef retail in Italy is still characterised by a strong presence of traditional butchers.</td>
</tr>
<tr>
<td>Spain</td>
<td>The implementation of the Regulation helped in the organisation between professionals of the sector, from upstream to downstream.</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>The BSE crisis was itself largely responsible for heightening consumer concerns about the origin of the meat and for putting more emphasis on national and local branding once the Regulation was in place. It was these pre-requisites for beef labelling together with various assurance schemes, backed up by marketing activity, rather than beef labelling per se, that was regarded as increasing consumer confidence in British beef.</td>
</tr>
<tr>
<td>Ireland</td>
<td>Ireland tends to slaughter cattle predominantly born and reared domestically. They import very few cattle. However, in recent years, a very small number of cattle from other EU countries have been slaughtered in Ireland. This has presented problems as Irish producers’ labelling machines were not set up to print a different country of birth.</td>
</tr>
<tr>
<td>Poland</td>
<td>The unique Polish voluntary labelling scheme (Quality Meat Programme - QMP) was launched within the ProOptiBeef project, so as to adjust the quality of the meat produced to meet consumer expectations, to select the products and the method of packaging of the final product offered to customers, and to educate consumers in the culinary preparation of the product. High-quality beef is becoming more and more popular among consumers, as well as among representatives of the catering industry.</td>
</tr>
</tbody>
</table>

MAIN FINDINGS IN SUB-QUESTION 3 – MARKET SHARE EVOLUTION OF BEEF PRODUCTS

The share of beef products with national origin has increased at retail stage, whereas imported beef products are targeted at the catering market (Indicator 6). Products labelled in accordance with voluntary schemes have reached a significant market share accounting for 23% of national markets in six case study Member States (Indicator 7). It is remarkable that some popular farm assurance schemes or logos (such as QS in Germany or VBF in France) fall outside the scope of the voluntary labelling rules.

The case studies have shown that voluntary labelling schemes existed even before the first BSE crisis in some Member States. Their importance has grown in all Member States, linked to the need for greater reassurance of retailers and consumers. Similarly, actors throughout the supply chain have adapted their supply strategy to meet an increasing demand for products of national origin and for products labelled in accordance with voluntary labelling schemes (Indicator 8). Stakeholders say they are unable to assess the cost for implementing voluntary labelling rules, as it is part of the whole labelling process. Downstream stakeholders’ expectations in terms of labelling do not distinguish between compulsory and voluntary indications.
### 6.4 Impact of additional requirements imposed by specifications in accordance with voluntary labelling schemes

#### 6.4.1 Indicator 9: Stakeholders’ opinions

The following table presents stakeholders’ opinions regarding the impact of additional requirements imposed by specifications provided in accordance with the voluntary labelling schemes.

Table 33 – Stakeholders’ opinions regarding the impact of additional requirements imposed by specifications in accordance with voluntary labelling schemes

<table>
<thead>
<tr>
<th>Country</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>One large German company explained that they have been able to pay for equipment used for both labelling systems, compulsory and voluntary, by imposing the cost of compliance with the voluntary scheme on its customers. This company has not increased its prices to reflect costs incurred in order to meet the basic legal requirements of compulsory labelling. On the other hand, they imposed higher prices for all voluntary labelling schemes. This company considers labelling to be a matter of ‘prevention’, investing money to prevent food scandals. Almost all the stakeholders found the previous voluntary labelling rules too heavy. They understand and appreciate the changes in Regulation (EU) No. 653/2014, which tries to integrate the beef labelling rules to the general food law. Most of the stakeholders are against the set-up of a new framework for voluntary labelling which would represent extra bureaucracy.</td>
</tr>
<tr>
<td>France</td>
<td>Meat companies and retailers have managed traceability issues with regard to voluntary schemes with the same tools as for compulsory labelling. Thus, there are no additional measurable costs for traceability. Nevertheless, retailers reported that their information systems were bogged down by the numerous data they have to store. Stakeholders identified what they describe as a ‘boomerang effect’, referring to the fact that the regulatory criteria coincide with a customer demand, for example regarding preferred countries of origin or, conversely, ‘undesirable’ countries from which they will not source beef. The extra cost of voluntary labelling schemes reflects the extreme segmentation of the French market, particularly with regard to meat companies preparing individual meat cuts. Every customer has their own requirements, which go beyond simple indications of origin. This has led to the multiplication of audits for processing firms</td>
</tr>
<tr>
<td>Italy</td>
<td>The main positive effect of voluntary labelling is its role as a tool of communication and promotion toward customers, particularly in the retail chains. Voluntary labelling schemes have increased the competitiveness of slaughtering companies. No data is systematically collected regarding the costs of voluntary labelling and related controls. Most interviewees suggest that the only additional cost of the voluntary labelling system compared to compulsory labelling is generated by third party controls. With new Regulation (EU) No 653/2014, the fact that requirements become more generic can create situations when different operators in the same Member State or in different Member States can make the same voluntary claims but have in place different control/guarantee systems, simpler or more complex to which different costs are associated, with implications for firms’ competitiveness on the market.</td>
</tr>
<tr>
<td>Spain</td>
<td>According to stakeholders, the cost linked to voluntary schemes is much less important than the cost linked to compulsory labelling. The fact that these systems have developed significantly shows that they coincide with stakeholders’ interests. For breeding farms, involvement with a voluntary scheme offers them a guarantee in terms of sales. For retailers, voluntary schemes are associated with adding value to their products. For slaughterhouses, voluntary labels can guarantee access to some distribution channels (with mass retailers in particular) and also result in higher sales prices (depending on the level of recognition of the label by the market). Regarding the regulation (EU) No. 653/2014, all stakeholders with the exception of some major retailers fear the insufficient resources of the control authority to perform all requirements.</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Large slaughterhouses already had to comply with assurance requirements demanded by supermarkets (in addition to compulsory requirements). Voluntary rules therefore represented no additional cost. This is not the case for the rest of the industry however, particularly independent butchers. For the latter, the need for registration and the cost of independent verification have discouraged many smaller producers/processors from adopting the rules. Many of the companies interviewed approved the reform of the rules in December 2014 as the existing voluntary scheme rules added unnecessary bureaucracy and cost. The main advantage of the 2014 reform was in removing the need for third party verification, reducing the burden associated with audits. However, the new regulatory bodies need to have sufficient resources to police and enforce their responsibility consistently to ensure that compatibility and standards are maintained.</td>
</tr>
<tr>
<td>Ireland</td>
<td>No information on additional costs is available. All the interviewees suggested that voluntary labelling costs were absorbed in the costs related to compulsory labelling. However, extra downtime due to changeovers related to voluntary labels was identified as a probable additional cost. Every changeover requires a small amount of line cleaning-down time, but also management and planning time to ensure the right label is printed.</td>
</tr>
<tr>
<td>Poland</td>
<td>Compulsory and voluntary labelling costs can be considered as comparable. Since the production and marketing of QMP beef produced in the quality system has been carried out using manufacturer certification and processor systems, additional costs related to traceability and control have arisen from expenditures incurred in the certification process and possible subsidies for producers and processors.</td>
</tr>
</tbody>
</table>
MAIN FINDINGS IN SUB-QUESTION 4 – IMPACT OF ADDITIONAL REQUIREMENTS IMPOSED BY SPECIFICATIONS UNDER VOLUNTARY LABELLING SCHEMES

In the majority of case studies, it was impossible to identify any specific cost for voluntary labelling as this was combined with the overall labelling cost. Increasing labelling requirements by downstream stakeholders coincided with the implementation of the EU rules on origin labelling. As a result, producers could rely on the measures they had taken to comply with voluntary labelling rules to meet these new demands (Indicator 9).

Rather than increasing production costs, voluntary labelling rules have been used as a tool for communication and as marketing devices.

Regarding Regulation (EU) No. 653/2014 simplifying the voluntary labelling requirements, opinions are divided between the much appreciated reduction of the burden associated with third-party audits (Germany, The United Kingdom) and the fear of proliferation of labels with low levels of guarantee and controls which could damage the image of the sector (Spain, Italy).

6.5 Evaluation Judgement

Evaluation question 2 aimed at analysing the effects of compulsory and voluntary labelling rules on production costs and on the marketing position of actors in the supply chain since 1996. The question implies that the implementation of the beef labelling rules has actually had a direct economic impact on the processing stage of the beef industry. The first assumed effect relates to production costs: the introduction of new traceability requirements led to increased labour costs throughout the supply chain. The second expected effect concerns the marketing position of stakeholders who were forced to source animals from national, rather than the EU markets.

1) Trends in production costs and prices at the slaughtering and marketing stages

The increase in beef prices over the examination period was caused primarily by an increase in cattle prices. The price of live bovine animals was therefore the most important factor explaining the increase in beef prices, and was more significant than the impact of processing and marketing costs. Raw material costs account for 67% of the total cost at the processing stage and 47% of the total cost at the point of sale. Average processing costs in the beef industry have been estimated at 1.62 EUR/kg.

Moreover, the processing industry has been characterised over the period subject to this evaluation by a process of structural concentration accelerated by the implementation of the EU labelling rules. On the one hand, some small-sized companies could not afford the necessary investments to comply with the new rules; on the other hand, large companies have reduced the number of their suppliers, in order to simplify batch management. The profitability of the processing industry has not changed over the period subject to our evaluation. It has always been low, both before and since the implementation of the EU labelling rules.

2) Significance of additional costs related to labelling compared to other factors

Additional costs related to labelling are not monitored by stakeholders. Nevertheless, we have been able to estimate these costs based on the sectorial information gathered through the stakeholder survey. Our theoretical estimate for the median average cost for processors is 0.10 EUR/kg cwe (min. 0.05; max 0.20 EUR/kg cwe). In relation to the total processing cost of 1.62 EUR/kg cwe, the ratio is therefore 6.2% (min. 3.1%; max 12.3%). This overall cost covers IT investments, internal controls, the additional labour required to manage traceability tasks and the loss in productivity linked to the greater number of batches that producers are now required to handle.

Our estimates lead us to conclude that in 2013 the total traceability and labelling cost to the EU beef industry was approximately EUR 722,400,000 by applying the theoretical median of 0.10 EUR/kg cwe.

Assuming that the labelling costs are fully transferred from the processing stage to the consumer, as confirmed by our interviewees, labelling costs theoretically represented in 2013 between 1.1% and 4.4% of the retail price for minced beef, with a median of 2.1%, while it was between 0.5% and 2.1% for French premium beef, with a median of 1%. According to our estimates between 1996 and 2013, labelling costs were responsible for between 2.7% (premium cuts) and 5.8% (minced meat) of the rise in the beef retail price.
The main source of this additional cost is to be found in the complexity of batch management: a reduction in the average batch size has caused a dramatic increase in the number of batches processed. At processing level, stakeholders have adapted their business strategy in response to the labelling rules by concentrating their purchases to a reduced number of suppliers, aiming at meeting demands by downstream stakeholders (particularly large retail chains) for beef of specific origins (primarily beef of national origin and from a restricted number of other EU Member States only).

However, if the implementation of the beef labelling rules has generated additional costs, some industrial stakeholders consider that, even if the rules had not been put in place, they would have had to set up an equivalent labelling system anyway to meet consumer demand. Almost all the stakeholders interviewed pointed to higher consumer expectations, which could be met by retailers relying on both compulsory and voluntary labelling indications. Consumers increasingly demand reassurance regarding the quality of marketed food products. These heightened consumer expectations require economic operators to introduce and maintain more rigorous systems for the management and traceability of their raw materials.

The cost to processors of meeting these additional requirements was impossible to estimate. However, instead of being a burden, they are seen as offering an opportunity to label beef with additional indications.

3) Trends in the market share of beef products

The market share of beef products based on their origin has evolved over the examination period. In terms of delivery channels, the share of beef from national origin increased in the retail sector, whereas in the catering sector imported beef products have become increasingly important. Voluntary labelling schemes have been generally successful, accounting for a significant market share of 23% on average of respective national markets in the case study Member States (or even more when taking into account some popular farm assurance schemes or logos, such as Red Tractor in The United Kingdom or VBF in France, that fall outside the scope of voluntary labelling rules.). This is consistent with an increasing consumer demand for reassurance vis-à-vis beef products.

4) Additional requirements imposed by voluntary labelling schemes

Voluntary labelling costs are mostly combined with the overall labelling cost. New labelling requirements by downstream stakeholders coincided with the implementation of the EU rules on origin labelling. Rather than increasing production costs, voluntary labelling rules have been used as a tool for communication and as marketing devices.

Regulation (EU) No. 653/2014 simplifying the voluntary labelling requirements divided opinion among stakeholders. One the one hand, some economic operators appreciated the reduction in the administrative burden associated with third-party audits (particularly the case among stakeholders from Germany and the United Kingdom), while on the other hand some fear of proliferation of labels with low levels of guarantee and controls which could damage the image of the sector (Spain, Italy).
7 Theme 2 – Consumer Perception: Evaluation Question 3

Evaluation Question 3: To what extent have the EU beef labelling rules influenced consumer perceptions in terms of:

a) consumer recognition and understanding of beef labelling;

b) influence of the label on consumer confidence and trust;

c) influence of the label on consumer purchase decisions of beef products.

In answering this question, the effects on consumer perception of the compulsory and the voluntary information on the label should be distinguished.

In answering the aspects related to compulsory beef labelling, the relevance for consumers of each of the compulsory indications, including the information on the place of birth, fattening and slaughter will be examined.

Definition of the key terms

EU beef labelling rules: The body of EU law which regulates the labelling of beef and beef products. This consists of Regulation EC No 1760/2000 and its implementing rules and its amendment contained in Regulation (EC) No 275/2007

Consumer confidence and trust: In the context of the EU beef labelling rules, consumer confidence and trust is understood as how confident consumers feel in what is in their food and where it comes from. In essence, if consumer confidence is high, and all other factors are equal, consumers will be more likely to purchase beef and beef products.

Consumer purchase decisions: Understood in this context as the decision-making processes undertaken by consumers before, during or after a potential market transaction for the purchase of beef or a beef product.

Compulsory and voluntary information: The compulsory community beef labelling system aims at ensuring a link between, on the one hand, the identification of the carcass, quarter or pieces of meat and, on the other hand, the individual animal or, where this is sufficient to enable the accuracy of the information on the label to be checked, the group of animals concerned. Labels shall include information including the place of birth, fattening and slaughter.

Regulation 1760/2000 also lays down general rules for the establishment of voluntary labelling specifications by competent national authorities to be used in the Member State concerned. Voluntary labelling specifications must indicate, inter alia, the information to be included on the label and the measures to be taken to ensure the accuracy of that information.

Understanding the question

Evaluation Question 3 can be broken down into three sub-questions which address three different levels of the causal chain (recognition and understanding, inculcation and trust, and influence over behaviour):

- To what extent do consumers recognise and understand beef labelling?
- To what extent do consumers have confidence and trust [in beef and beef products]?
- To what extent does the labelling system influence consumer purchase decisions of beef products?

The approach to answering each of these sub-questions is set out in the following sub-sections. With regard to methodology, to answer all three sub-questions we first conducted a literature review of relevant documentation (including an analysis of previous studies and other relevant literature) before examining the evidence required for each of the questions by means of focus groups in seven of the EU Member States.

---

58 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products


60 Article 13 of Regulation 1760/2000

61 Article 16 of Regulation 1760/2000
Evaluation of EU beef labelling rules

Extent to which consumers are aware of and understand beef labelling

Our evaluation will assess the extent to which the measures introduced by this Regulation have been successful in their attempt to make information available by means of sufficient and clear labelling. We will do this primarily through an examination of consumer awareness and understanding of the information made available in accordance with the rules on beef labelling in the seven case study Member States. The pre-amble to Regulation (EC) No 1760/2000 states that ‘in order to maintain and strengthen the confidence of consumers in beef and to avoid misleading them, it is necessary to develop the framework in which the information is made available to consumers by sufficient and clear labelling of the product’ (recital 4). As outlined above, Regulation (EC) No 1760/2000 lays down rules for compulsory labelling of beef products, stipulating the information which must be provided to consumers and setting out a framework for the establishment of voluntary labelling specifications by competent national authorities. The initial literature was made for tracing the development of trends in the recognition and understanding of meat (and specifically, beef) labelling since the entry into force of Regulation (EC) No 1760/2000 and its genesis in the BSE/CJD (Creutzfeldt Jakob Disease) crises of the late 1990s. Regulation (EC) No 275/2007 was taken into account as it provides new and precise definitions for some of the key terms under the labelling rules (for ‘minced meat’, ‘trimmings’, ‘cut meat’, ‘pre-packaged cut meat’, ‘non-pre-packaged cut meat’, ‘batch’, ‘retail’ and ‘final consumer’) and gave a precise explanation of what must be indicated on the labels for trimmings, pre-packaged cut meat and non-pre-packaged cut meat.

Prior to conducting the focus groups we researched the voluntary labelling specifications in force within the relevant Member States. The focus groups then examined the extent to which consumers were able to recognise beef labels displayed on products sold in their Member State and the extent to which they understood the information contained therein. The focus groups also allowed us to examine the importance of the voluntary information provided as well as each piece of information mandated by the compulsory rules. Where appropriate, we examined other external factors which influence the recognition and understanding of the labels and information they contain. We also took into account the views of consumer association representatives, both at EU (European Consumers Organisation - BEUC) and national level (we interviewed the relevant representatives of consumer associations for France, Germany, Spain and the United Kingdom).

Extent to which consumers have confidence and trust in beef and beef products

The preamble to Regulation (EC) No1760/2000 says that as a result of an efficient system for the identification and registration of bovine animals at the production stage, coupled with a specific Community labelling system in the beef sector based on objective criteria at marketing stage, consumer confidence in the quality of beef and beef products will be improved (recitals 5 to 7). While a direct link between the EU beef labelling rules and consumer confidence may be difficult to establish, we sought to examine the extent to which consumer confidence has been influenced by the information provided in accordance with those rules. Again, an initial data and literature review aimed at assessing trends in consumer confidence towards beef informed the design of our focus groups to offer insights into the link between consumer confidence and the provision of information through beef labelling. Relying on both the desk research and the findings from our own interviews with consumer associations and focus groups, we looked at the extent to which specific indications (provided in accordance with both compulsory and voluntary rules) are considered important by consumers to increase their confidence in the product.

Extent to which the EU beef labelling system influences consumer purchase decisions of beef products

According to Regulation (EC) No 1760/2000, ‘following the instability in the market in beef and beef products caused by the BSE crisis, the improvement in the transparency of the conditions for the production and marketing of the products concerned, particularly as regards traceability, has exerted a positive influence on consumption of beef’. The framework set up by Regulation 1760/2000 was intended to maintain and strengthen the consumer confidence in beef, with the presumed intention of maintaining and increasing consumer purchases of beef products. We examined the extent to which information provided in accordance with the EU beef labelling rules influences consumer purchase decisions. We conducted preliminary desk research into the link between the provision of information and consumer purchase decisions with a focus on previous studies in this field. This research informed the design of the focus groups with consumers, which explored their views on what influences the decision to purchase beef products. We were then able to compare our findings through our interviews with national and EU level consumer associations. The resulting findings enabled us to judge whether the provision of information in accordance with the beef labelling rules is able to influence consumer purchases of beef and, which pieces of information consumers’ privilege when making these decisions.

62 Looking at the compulsory and voluntary information indicated
### Judgement criteria and indicators

#### Table 34 – Judgment criteria and indicators for Evaluation Question 3

<table>
<thead>
<tr>
<th>To what extent</th>
<th>Judgement Criteria</th>
<th>Indicators</th>
<th>Sources</th>
<th>Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>...are consumers aware of and understand beef labelling?</td>
<td>Consumers are aware of beef labelling (regarding indications provided in accordance with both compulsory and voluntary rules) Consumers understand beef labelling (regarding indications provided in accordance with both compulsory and voluntary rules)</td>
<td>1) Levels of awareness among consumers before and after the introduction of the beef labelling regulations 2) Level of understanding among consumers since the introduction of the beef labelling regulations</td>
<td>Consumers' opinions as expressed during focus groups in seven Member States. Opinions of consumer association representatives at EU and national level. Studies relating to consumer confidence in meat products since the late 1990s BSE scare. Media reports since entry into force of Regulation 1760/2000.</td>
<td>Past studies do not all address these questions directly. The methodology used in previous studies varies, making a comparison over time difficult.</td>
</tr>
<tr>
<td>...do consumers have confidence and trust [in beef and beef products]?</td>
<td>Consumers trust and demonstrate confidence in the indications provided through labelling of beef and beef products Consumers trust and demonstrate confidence in the content of beef and beef products Consumer trust and confidence in the origin/provenance/content of beef and beef products is related to mandatory/voluntary labelling rules.</td>
<td>3) Level of trust and confidence in information (provided in accordance with beef labelling rules) indicating origin of beef and beef products 4) Level of trust and confidence in information (provided in accordance with beef labelling rules) indicating content of beef and beef products. 5) Concerns among consumers about origin (and other characteristics provided in accordance with compulsory and voluntary labelling rules) of beef and beef products.</td>
<td>Consumers’ opinions as expressed during focus groups in seven Member States. Opinions of consumer association representatives at EU and national level.</td>
<td>Desirability bias in focus groups (i.e. the tendency of participants to answer questions in a manner that will be viewed favourably by others).</td>
</tr>
<tr>
<td>...does the labelling system influence consumer purchase decisions of beef products?</td>
<td>Consumer purchase decisions of beef products are influenced by information relating to origin in accordance with compulsory (re national origin) and voluntary (re regional origin e.g. Scottish) beef labelling rules. Consumer purchase decisions of beef products are influenced (positively) by information other than origin provided in accordance with compulsory beef labelling rules. Consumer purchase decisions of beef products are influenced (positively) by information other than origin provided in accordance with voluntary beef labelling rules.</td>
<td>6) Extent to which consumers are (or claim to be) influenced by information provided in accordance with compulsory beef labelling rules. 7) Extent to which consumers are (or claim to be) influenced by information provided in accordance with voluntary beef labelling rules.</td>
<td>Consumers’ opinions as expressed during focus groups in seven Member States. Opinions of consumer association representatives at EU and national level. Literature review.</td>
<td>The extent to which influence over consumer purchase decisions can be attributed to the EU beef labelling rules may be difficult to assess. Among other factors, this is due to the considerable time which has passed since the beginning of the period subject to this evaluation.</td>
</tr>
</tbody>
</table>
7.1 Consumer awareness and understanding of beef labelling

7.1.1 Indicator 1: Levels of awareness among consumers before and after the introduction of the beef labelling regulations

Country of origin labelling is deemed to be important partly because consumers link national origin with higher food safety standards, trusting the authorities in their Member State to maintain adequate checks which may not be the case elsewhere. If consumers are unaware of the indications provided in accordance with the beef labelling rules, the aims of the scheme (i.e. to maintain and strengthen the confidence of consumers in beef and to avoid misleading them through the development of a framework in which the information is made available by sufficient and clear labelling of the product) could not be met.

There is limited evidence in the existing literature on food labelling on the extent of consumer awareness of the ‘compulsory’ indications provided in accordance with the beef labelling rules and how this has changed over time. Our primary source of evidence with regard to this indicator therefore comes from the results of the fourteen consumer focus groups conducted in seven EU countries in early 2015. Focus groups by their nature are exploratory and descriptive rather than representative and definitive. Nevertheless, the focus groups conducted produced findings which largely correlate with the existing knowledge on consumer views regarding country of origin labelling.

Consumer focus group participants were asked a series of questions to assess their awareness of information provided in accordance with the rules which provided the following findings:

- From the outset, it is worth underlining that the evaluation team were struck by the degree of similarity witnessed in the views of the fourteen focus groups which took place across seven Member States. The consumers had a general level of awareness of national origin labelling. In other words, they are aware that beef on sale is labelled to indicate its provenance in terms of the ‘country of origin’.

- On the other hand, the consumers who took part in the focus groups were mostly unaware of the specific compulsory indications (information on the place of birth, fattening and slaughter), saying they had not previously noticed these indications. The specific ‘compulsory’ indications relating to batch number and approval numbers for the slaughterhouse and cutting hall were almost always overlooked by the participants in the focus groups.

We also examined to which extent consumers were aware of indications provided in accordance with the ‘voluntary’ rules. While there was some awareness of these indications, the extent to which consumers were able to understand the information displayed was mixed (more of which under Indicator 2, below).


64 See, for example, ‘Study on the Functioning of the meat market for consumers in the European Union’, prepared by GfK EU3C (EU Custom Research and Coordination Centre) on behalf of the European Commission, Directorate General for Health and Consumers, (December 2012), which examines consumer decision making in the meat market including consumer understanding of origin labelling. Furthermore, in 2010 the British Food Standards Agency (FSA) commissioned a report which concluded that while consumers are aware of origin labelling it is not a main concern for them when shopping. “Country of Origin Labelling: A Synthesis of Research”, prepared by Oxford Evidentia for the FSA (January 2010).

65 Pressed on what they understood ‘origin’ to mean, most consumers explained they considered beef which was labelled as, for instance, ‘British’, meant an animal had been born, fattened and slaughtered in the United Kingdom (see Indicator No2, below).
7.1.2 Indicator 2: Level of understanding among consumers since the introduction of the beef labelling regulations

Even if consumers are aware of the indications provided in accordance with the beef labelling rules, if they cannot understand the information which the labels are supposed to convey, the rules cannot meet their objective of maintaining and strengthening consumer confidence in beef. In other words, labels on beef products can only be of use if consumers actually understand them. We therefore examined the level of understanding among EU consumers of the information provided in accordance with the beef labelling rules. We considered information provided in accordance with the compulsory as well as the voluntary rules.

Information provided in accordance with the compulsory rules

As discussed with regard to Indicator 1 above, the consumers we spoke with generally understood ‘origin’ to mean that an animal had been born, fattened and slaughtered in the same country. Notwithstanding the fact that the consumers who took part in the focus groups were mostly unaware of the ‘specific’ compulsory indications – denoting place of birth, fattening and slaughter – they were nevertheless able to correctly deduce what this information meant.

The focus groups suggest consumers are less likely to understand the reference numbers displayed on the labels indicating batch and slaughterhouse and cutting hall locations. While most groups made an educated guess as to what the codes identifying the place of slaughter and cutting were, the batch number in particular confused the consumers interviewed in all countries.

Most consumers understood the information contained in the mandatory indications was related to traceability and food safety. The majority, however, considered this information was irrelevant to the consumer (unless something went wrong) and was instead intended for the retailer or the authorities. It is also worth pointing out that many of the consumers relied on other indications on beef labels, particularly the use of national flags and logos, to infer national origin. Examples included the Red Tractor farm assurance scheme logo in the UK and the VBF logo used in France (an alternative and visually appealing means of displaying mandatory information).

The consumer associations we spoke with agreed that traceability is not meant for consumers but rather ‘businesses, who must be able to track information throughout the chain’. Origin labelling, on the other hand is aimed squarely at consumers. There was general agreement that consumers understand ‘origin’ information to include ‘born’, ‘reared’ and ‘slaughtered’ and that these terms are sufficiently clear. This echoes the findings of a 2013 BEUC study which examined consumers’ understanding of ‘origin’ information on fresh meat. There was greater ambivalence with regard to the codes: while some consumer associations thought them redundant for consumers, others thought shoppers would be reassured simply to know these numbers were linked to traceability, even without understanding their precise meaning.

Information provided in accordance with the voluntary rules

Consumers’ responses with regard to the voluntary labelling scheme were mixed. When our consumer focus groups examined the other aspects of labels found on beef for sale in their country, provided in accordance with the voluntary rules and other claims not covered by the rules, consumers were frequently confused with regard to breed, confusing it for geographic origin (e.g. ‘Hereford’ caused confusion in Ireland, Germany, and the United Kingdom). In many cases, consumers relied on logos indicating national origin (such as Produkt Polski and VBF) which were widely recognised and understood. Regional indications were popular in Spain where they were considered as important than national origin indications, while farm assurance schemes (such as the Bord Bia logo in Ireland and the British Red Tractor) inspired confidence in these countries. There was some suspicion regarding claims pertaining to organic status, with many consumers suggested it was just a means for retailers to demand higher prices. Recognition of the EU organic status label varied somewhat among Member States.

The views of national consumer associations diverged in terms of the level of understanding of beef labelling which they attributed to consumers in their country. While one national association thought that ‘information on traceability and origin is generally well understood by consumers’, another considered ‘most consumers are probably unfamiliar with the details’.

---

66 See Indicator No1, above
67 Viande bovine française, an alternative means of providing mandatory information in a visual form
68 “BEUC consumer survey on origin labelling on food”, BEUC, (2013)
MAIN FINDINGS IN SUB-QUESTION 1 – CONSUMER AWARENESS AND UNDERSTANDING OF BEEF LABELLING

There is limited evidence in the existing literature on food labelling on the extent of consumer awareness of the compulsory indications provided in accordance with the beef labelling rules and how this has changed over time. Nevertheless, our focus groups findings largely correlate with the existing knowledge on consumers’ opinions regarding country of origin labelling. Our evidence with regard to consumer awareness suggests:

- Consumers are aware of ‘origin’ labelling and are aware that beef on sale in the EU is labelled to indicate its provenance in terms of the ‘country of origin’ (Indicator 1);
- Conversely, consumers are mostly unaware of the specific compulsory indications. Fifteen years after the implementation of the beef labelling rules, most of the consumers interviewed claimed never to have previously noticed the compulsory indications with regard to place of birth, fattening and slaughter. The specific indications relating to batch number and approval numbers for the slaughterhouse and cutting hall were almost completely unknown to the participants of the focus groups (Indicator 1).

With regard to consumers’ level of understanding of beef labelling, our evidence suggests:

- Consumers generally understand ‘origin’ to mean that an animal had been born, fattened and slaughtered in the same country. This echoes the findings of previous research commissioned by European consumer association (Indicator 2);
- Notwithstanding a general lack of awareness regarding the specific compulsory indications denoting place of birth, fattening and slaughter, consumers are nevertheless able to deduce correctly what this information means. Reference numbers, particularly that indicating ‘batch’, are less well understood (Indicator 2);
- Consumers understand that the information contained in the compulsory indications is related to traceability and food safety (Indicator 2);

Information provided in accordance with the voluntary rules can at times cause confusion with consumers sometimes struggling to understand the difference between regional origin and breed (Indicator 2).

7.2 Consumer confidence and trust in beef and beef products

7.2.1 Indicator 3: Level of trust and confidence in information (provided in accordance with the beef labelling rules) indicating origin of beef and beef products

The stability of any market rests on the confidence consumers place in the product. This is all the more so with the food market because of its implications for human health. Indeed, the literature suggests that food scares (including in relation to beef) have impacted consumer confidence in the period subject to this evaluation.

As various studies have shown, national food scandals had negatively impacted consumers’ self-reported levels of trust in the ability of their authorities to carry out effective controls. The consumer associations interviewed agreed that various crises since the late 1990s have produced a negative impact on consumer confidence towards meat in general and beef in particular. One national consumer association explained, ‘Mandatory labelling has helped the sector after the crises, particularly the detailed origin labelling (country of birth, rearing and slaughter) because it reassured consumers’.

Country of origin labelling is described as a ‘credence attribute’ meaning that a consumer cannot ascertain the presence of such an attribute, instead having to rely on the information provided by the retailer. Our focus groups findings agree with this analysis. In all seven Member States, the general feeling among the consumers interviewed was that they had never considered that the information relating to country of origin might not be accurate. The consumers felt they did not have any other choice than to trust that this information was true. Most consumers had not previously

---


considered the possibility that the food they were buying might not be what the label said, or that it might not be safe. They assumed the fact that as it was on sale, it was safe.

Our focus group findings suggest that origin labelling indeed reassures consumers. Consumers actually trust the information provided in accordance with the compulsory rules. They expect their national authorities to be able to perform adequate controls, notwithstanding evidence of local food scandals and a perceived drop in resources for control bodies. However, as previously stated, consumers understand that ‘origin’ as meaning all aspects of the production chain (from birth to slaughter) are carried out in one country. The consumers interviewed were largely unaware of the detailed elements of compulsory labelling indicating where an animal had been born, fattened and slaughtered and that these different stages of the production process might take place in more than one country.

7.2.2 Indicator 4: Level of trust and confidence in information (provided in accordance with the beef labelling rules) indicating content of beef and beef products

A myriad of claims are made with regard to the content and properties of beef on sale in most EU countries, many of which fell within the scope of the ‘voluntary’ rules. Some were very familiar, and there was some variation (e.g. consumers in Spain were particularly attached to regional origin).

Our focus groups discussed the extent to which consumers placed trust and confidence in the indications displayed in accordance with the voluntary rules, as well as other information e.g. relating to organic status. In most countries, the consumers we spoke with agreed that labelling claims displayed in accordance with the voluntary rules were ‘mere’ marketing devices. A sizeable minority of the consumers displayed a high degree of cynicism, and thought these claims would not be objectively verifiable statements.

There was a general feeling among the consumers that it was not for the authorities to control the veracity of these claims, not least due to a perceived lack of resources. Nevertheless, a substantial number of the consumers across the seven countries considered that these claims would probably be accurate, reasoning that the reputational risk to a producer found to have made false claims would be sufficient to deter misrepresentation.

Consumer associations were divided with regard to the importance of voluntary labelling. Some believed that ‘voluntary labelling had allowed a partial restoration of consumer confidence in beef’ while others disagreed on the basis that ‘what is voluntary is not really trusted by consumers’. ‘Nowadays voluntary meat might be increasing but only for specific quality reasons’ rather than as a general rule.

7.2.3 Indicator 5: Concerns among consumers about origin (and other characteristics provided in accordance with the mandatory and voluntary labelling rules) of beef and beef products.

As various studies have shown, national food scandals negatively impacted consumers’ self-reported levels of trust in the ability of their authorities to carry out effective controls. Generally, however, the consumers we spoke with tended to trust that the authorities in their Member State were able to oversee the food industry effectively. They also tended to have confidence in the authorities of states with similar levels of economic development (from which many consumers inferred high quality food safety standard).

On the other hand, among the consumers in the Western Member States, most were disinclined to trust beef from Eastern Europe. These consumers believed the lower level of economic development in that part of the EU, and a lack of confidence in the ability of these countries to enforce common rules, meant Eastern European producers would be tempted to ‘get away with’ more.

Trust and confidence also appeared to vary in accordance with the type of meat under consideration. Consumer associations suggested that while consumers may feel reassured with regard to the compulsory indications on cuts and minced beef, there is still some mistrust with regard to pre-prepared (or ‘ready’) meals based on beef for which origin labelling is not mandatory. The views expressed during our focus groups support this.

Among the consumers’ chief concerns with regard to beef labelling, information overload was a common theme. However, an interesting paradox, observed in the groups in most countries subject to this study, was that consumers simultaneously complained that labels provided too much

---

72 Although there are some notable exceptions, such as claims to organic status.
73 Although consumer associations were quick to point out that consumers were more likely to trust them than their national authorities.
information and not enough explanation, rendering them difficult to understand. Consumer associations struggled to say whether the 2014 reform of the voluntary labelling rules would make the situation more transparent for consumers, although BEUC noted that ‘our members did not lobby to keep the rules’. They agreed that labelling should not be misleading, ‘but likewise we would not want to see a proliferation of information as this is confusing to consumers (and possibly unfair to smaller producers)’. Consumers generally favoured the ‘simple and sparse’ style of labelling found on non-pre-packaged beef. This preference seemed to be linked to the confidence placed in the butchers involved in selling beef over the counter in non-pre-packaged form more than opinions about the labels per se. Consumers expected their butchers to know all the necessary information relating to the beef on sale. Confidence in supermarkets was generally lower, and the consumers we spoke with seemed to expect more information on pre-packaged supermarket beef. Consumers also considered there were too many different schemes and logos, which caused confusion.

The consumer associations we interviewed for this study had diverging views when it came to the amount and adequacy of information currently available to consumers of beef and beef-based products. Some considered the information provided was currently welcomed by consumers, while others said it was unlikely consumers would understand the information which geographical origin labelling was intended to convey.

**MAIN FINDINGS IN SUB-QUESTION 2 - CONSUMER CONFIDENCE AND TRUST IN BEEF AND BEEF PRODUCTS**

Studies suggest there is increasing agreement among EU consumers that public authorities are able to ensure that food is safe in Europe. However, there is also evidence which points to the negative impact of food scandals on consumers’ self-reported levels of trust in the ability of their national authorities to carry out effective food safety controls and enforce labelling laws. The consumer associations we interviewed agreed that compulsory labelling has helped to maintain consumer confidence in beef in the EU. As credence attribute, however, labelling claims indicating ‘country of origin’ cannot be independently verified by consumers themselves, who must instead place their trust in retailers.

Consumers trust the information provided in accordance with the compulsory rules. They expect their national authorities to be able to perform adequate controls, notwithstanding evidence of local food scandals and a perceived drop in resources for control bodies (Indicator 3).

The consumers we spoke with agreed labelling claims displayed in accordance with the voluntary rules were ‘mere’ marketing devices rather than objectively verifiable statements. They nevertheless believe the claims to be accurate, on the basis that the reputational risk to a producer found to have made false claims would be sufficient to deter misrepresentation. Consumer associations were divided in terms of the confidence they thought consumers placed in voluntary indications (Indicator 4).

While consumers may trust their own national authorities to oversee the food industry effectively, this trust does not appear to extend to other countries’ authorities beyond the states with similar levels of economic development (Indicator 5).

With regard to information provided in accordance with the voluntary rules, consumers simultaneously complained that labels provided too much information and not enough explanation, which makes them difficult to understand. Consumer associations could not agree on whether the 2014 reform would improve transparency for consumers or merely lead to a proliferation of information. Confidence in labelling also varied according to the retailer in question with consumers expecting more detailed information from supermarkets, less from butchers (where, rightly or wrongly, the supply chain and personal knowledge of the seller were deemed a better guarantee of product safety) (Indicator 5).

---

74 Special Eurobarometer 354 / Wave 73.5, ‘Food-related risks’ (2010) TNS Opinion & Social for the European Food Safety Authority (EFSA)
75 See, for example, Horsemeat scandal dents trust in food industry (2013) available at: [http://www.which.co.uk/news/2013/03/horsemeat-scandal-dents-trust-in-food-industry-313016/](http://www.which.co.uk/news/2013/03/horsemeat-scandal-dents-trust-in-food-industry-313016/)
7.3 Influence of the labelling system over consumer purchase decisions

7.3.1 Indicator 6: Extent to which consumers are (or claim to be) influenced by information provided in accordance with compulsory beef labelling rules

The logic underlying the beef labelling rules (and a key driver for country of origin labelling for food products generally) is that consumers place confidence in their own national authorities to maintain rigorous food safety systems, whereas, to them, other countries’ checks may not be so rigorous. National origin therefore effectively becomes a proxy for food safety standards. The importance of food safety labelling with regard to beef has been examined by a number of studies since the BSE crisis in Europe. One theory describes the issue of food safety as a ‘sleeping giant’76. In accordance with this theory, most consumers are not particularly concerned by the issue of food safety, assuming that if beef is available for consumers to buy then it must be safe, or at least with minimum risk. Only when a crisis emerges, so the theory goes, are consumers concerned about the issue of food safety, making an impact on consumer purchase decisions. In times of crisis, the role of the media is crucial in determining the impact on consumer perceptions of food safety. ‘Negative consumer perceptions of the safety of meat in the EU could reflect a lack of awareness regarding safety and negative media coverage during food crises’, found the Commission’s 2012 report on the functioning of the meat market77.

We examined the extent to which information on origin, provided in accordance with the compulsory rules, influences consumer behaviour. Country of origin information was clearly important to the consumers interviewed, a majority in all seven countries saying it could have some influence on their decision whether or not to purchase beef. It is interesting to note that in every focus group, consumers equated ‘country of origin’ information with knowing that beef was from their Member State. The reasons why national origin was considered to be so important varied. Among the main reasons for preferring home-grown or ‘national’ beef was the idea that legislation and enforcement of rules and standards relating to food safety was stricter at home than abroad. Other popular reasons for preferring ‘national’ beef included supporting national farmers and a ‘self-sufficiency’ argument which ran along the lines of ‘there is no need for us to import beef from abroad when we already produce it ourselves’. Consumer associations agreed that, while there was no evidence at EU level to show consumers preferred meat of national origin, meat markets had already been ‘nationalised’ prior to the crises in the beef sector. In any case, pointed out these interviewees, ‘origin is not just about safety. Consumers also want to know where meat comes from for other reasons i.e. transparency (desire for a more transparent supply chain), animal welfare, food miles’.

In most countries, the consumers in our focus groups listed origin among their main considerations when buying beef, after price and expiry date. Throughout the focus groups, it had become clear that origin labelling was important to consumers. The majority of consumers only trusted the authorities in their own country, as well as a limited number of trusted foreign countries (generally countries with similar levels of economic development where, the consumers reasoned, standards would be the same as at home). They would not consider beef from outside this small group of countries, regardless of price or other factors. Faced with a choice between beef from these trusted countries and beef of national origin, if facing equal prices, the consumers interviewed would prefer beef of national origin, albeit for reasons other than food safety (mainly a desire to support national farmers or for reasons relating to national self-sufficiency in beef production). Where the price of their beef of national origin was significantly higher than that for beef from trusted foreign countries, however, they would be likely to purchase the foreign beef. In other words, the consumers interviewed would not pay more than a small premium for beef of national origin.

Since the introduction of beef labelling rules, various studies have assessed consumers’ willingness to pay for mandatory and voluntary beef labelling schemes associated with food safety attributes78 and there is evidence to suggest consumers are willing to pay a premium for traceability assurances. Our evidence supports this finding in the sense that the consumers indicated they would be willing to pay more for ‘national’ beef and the main reason for preferring national over foreign beef was a belief that food safety standards would be higher at home. Consumer associations generally agreed, with one commenting that ‘labelling rules reinforced consumer confidence and to a certain extent encouraged demand for local and national meat’.

77 ‘Study on the Functioning of the meat market for consumers in the European Union’, prepared by GfK EU3C (EU Custom Research and Coordination Centre) on behalf of the European Commission, Directorate General for Health and Consumers, (December 2012)
The fact that many of the consumers said origin was important may seem at first surprising. This could in part be explained by the fact the focus groups (inevitably) concentrated on this issue, suggesting an importance which consumers would not normally have afforded to it.

In terms of specific indications provided in accordance with the compulsory rules, consumers were in particular concerned by the idea that animals might be transported across national borders in order to be slaughtered. The majority agreed they would not wish to purchase beef which had been transported across national borders in order to be slaughtered. The reasons behind this were: the idea of ‘why can’t they do it here?’ and a general belief that standards would be higher in ‘national’ slaughterhouses. In a few Member States, consumers expressed a dislike for live animal exports viewed as cruel and unnecessary. Consumers did not express strong views with regard to the other compulsory indications, including place of birth and fattening.

Although the academic literature suggests the many health crises of the past decade have had a negative impact on consumer trust for the quality of food products, the consumers we spoke with claimed the BSE crisis and horse meat scandals had little impact on their trust in beef and its labelling. In terms of influencing behaviour, the main impact seemed to be a desire for consumers to avoid beef-based ready meals (e.g. frozen lasagne) i.e. the products at the heart of the horse meat scandal, as well as cheap mince. In most countries, although consumers said they would buy cuts of pre-packaged meat, they would normally only buy mince over the counter, both to ensure freshness but also because they had more faith that their local butcher would know the provenance of a product. Habitual purchases were common among consumers, who showed more loyalty to butchers, linked to the idea that they placed greater faith in the freshness and provenance of beef supplied from a butcher. Indeed, buying beef from a butcher generally seemed to reassure the consumers and rendered the role of labels altogether less important.

7.3.2 Indicator 7: Extent to which consumers are (or claim to be) influenced by information provided in accordance with voluntary beef labelling rules

The beef labelling scheme was also in place to govern marketing claims that can be made with regard to beef. However, the 2014 reforms effectively brought to an end the system of non-compulsory indications having to be ‘approved’ in accordance with the voluntary scheme. The consumer associations interviewed thought the voluntary rules had been important in reassuring consumers and influencing purchases. According to some of the consumer associations interviewed, the trend of decreasing beef consumption was at least in part caused by consumers being generally better informed. ‘Higher consumer awareness of the environmental impact of meat production means they buy less but higher quality meat’ explained one consumer representative. ‘We also observe, since the entry into force of the [beef labelling rules], that consumers are also driven by animal welfare, environmental impacts, and health concerns. Thus, we observe a shift to poultry from beef’.

Consumers themselves said that, although in some cases they would pay more for beef claiming a premium status (e.g. extra-matured), in general these ‘approved’ claims were far less important in their purchasing decisions than other factors (price, freshness – inferred from appearance generally, and in particular colour, expiry date). Voluntary indications seemed to be much lower on the list of factors judged important by the consumers interviewed when buying beef. In general, voluntary indications and other logos did not feature as factors that had any major influence on the majority of consumers’ self-described purchasing behaviour.

79 Ibid
Country of origin rules assume consumers will rely on national origin as a proxy for food safety standards. Our research suggests that this is in fact the case for EU consumers: Country of origin information was clearly important to the consumers interviewed, a majority in all seven countries saying it would have some influence on their decision whether or not to purchase beef. Origin was important for these consumers when buying beef because they trusted their own national authorities to maintain effective food safety standards. Evidence suggests that consumers will prefer their own ‘national’ beef over foreign products due to other reasons, including supporting domestic farmers and maintaining national self-sufficiency in agriculture (Indicator 6). Where the price of beef of national origin was significantly higher than that for beef from trusted foreign countries, our evidence suggests consumers would be likely to purchase the foreign beef. In other words, consumers would not be willing to pay more than a small premium for beef of national origin (Indicator 6). As far as indications provided in accordance with the voluntary rules were concerned, these seemed to be much lower on the list of factors consumers judged important when buying beef. In general, voluntary indications did not feature as factors that had a major influence on consumers’ self-described purchasing behaviour. The relatively high number of voluntary labelling schemes in some of the case study Member States must be seen in the context of a shrinking beef market. As consumers become more aware of environmental and health concerns, they limit their purchases and shift to higher quality meat which is more likely to bear a voluntary label (Indicator 7).

7.4 Evaluation judgement

Evaluation Question 3 aims at determining the extent to which EU beef labelling rules influence consumer perceptions in terms of recognition, understanding, and confidence in beef labelling and the extent to which the rules influence consumer decisions to purchase beef products. The conclusions are as follows:

1) Consumer awareness and understanding of beef labelling

There was limited existing evidence on the extent of consumer awareness of the ‘compulsory’ indications provided in accordance with the beef labelling rules and how this has changed over time. The evaluation shows EU consumers are aware that beef on sale in the EU is labelled to indicate its provenance in terms of the ‘country of origin’. Consumers generally expect that beef labelled as having a specified national origin will have been produced from animals born, fattened and slaughtered within a single country.

Conversely, consumers are mostly unaware of the specific indications displayed on beef labels in accordance with the compulsory rules. Fifteen years since the implementation of the beef labelling rules, most consumers claimed never to have noticed the specific compulsory indications which denote place of birth, fattening and slaughter. Notwithstanding their lack of awareness, consumers are generally able to correctly deduce what this information means. Reference numbers (relating to the batch, slaughterhouse and cutting hall) were almost completely unknown to the participants in the focus groups and were often found to be confusing and superfluous. Consumers generally understand, however, that the information provided in accordance with the compulsory rules is related to traceability and food safety.

Consumers were generally familiar with indications provided in accordance with the voluntary rules. However, these voluntary indications can cause confusion. For instance, some consumers have difficulties understanding the difference between regional origin and breed.

2) Consumer confidence and trust in beef and beef products

As a credence attribute, labelling claims indicating ’country of origin’ cannot be independently verified by consumers themselves, who must instead place their trust in retailers and the authorities which supervise them. Studies show there is increasing agreement among EU consumers that public authorities are able to carry out these controls effectively and ensure that food is safe in Europe. The consumer associations interviewed agreed that compulsory labelling and its enforcement have helped to maintain consumer confidence in beef in the EU. However, there is also evidence which points to the negative impact of food scandals on consumers’ self-reported levels of trust in the ability of their national authorities to carry out effective food safety controls and to enforce labelling laws.
The evaluation shows consumers do trust the information provided in accordance with the compulsory rules, including the specific indications with regard to the place of birth, fattening and slaughter. However, while consumers may trust their own national authorities to oversee the food industry effectively, our evidence suggests this trust does not extend to other countries’ authorities beyond those states with similar levels of economic development. Regarding the specific compulsory indications, consumers expect beef to be produced from animals born, fattened, and slaughtered in the same (and, ideally, their own) country. While none of the consumers interviewed expressed strong views on the place of birth or fattening, several were concerned that live animal exports could result in ‘national’ beef being slaughtered abroad. This was deemed ‘unnecessary’, with consumers unable to understand why animals should not be slaughtered in the Member State in which they were born and fattened.

Although indications provided in accordance with the voluntary rules were widely considered to be ‘mere’ marketing devices, our evidence suggests consumers also believe these claims to be accurate. This seems to rest on a belief among consumers that the reputational risk to a producer found to have made false claims would be sufficient to deter misrepresentation. The consumers complained that labels provided in accordance with the voluntary rules often resulted in crowded labels. This led to the paradox whereby labels on beef simultaneously provide too much information without sufficient explanation, rendering them difficult for consumers to understand. Consumer associations were divided in terms of the confidence they thought consumers placed in voluntary indications. Confidence in labelling varied according to the retailer in question with consumers expecting more detailed information from supermarkets and less from independent butchers (where, rightly or wrongly, the shorter supply chain and personal knowledge of the seller were deemed to offer a better guarantee of product safety).

3) Influence of the labelling system over consumer purchase decisions

Country of origin rules assume consumers will rely on national origin as a proxy for food safety standards. This evaluation shows that this is in fact the case for EU consumers: country of origin information was clearly important to consumers, a majority in all seven countries saying it would have some influence on their decision whether or not to purchase beef. Origin was important for these consumers when buying beef because they trusted their own national authorities to maintain effective food safety standards. Evidence suggests that consumers also prefer their own ‘national’ beef over foreign products due to other reasons, including supporting domestic farmers and maintaining national self-sufficiency in agriculture. However, there are limits: where the price of beef of national origin was significantly higher than that for beef from trusted foreign countries, our evidence suggests consumers would be likely to purchase the foreign beef. In other words, consumers would not be willing to pay more than a small premium for beef of national origin.

The consumers interviewed said they would not consider the specific compulsory indications (regarding place of birth, fattening and slaughter) separately when deciding whether to buy beef. Instead, consumers for whom origin is important will look only for a simple designation (e.g. ‘Origin: UK’) to satisfy themselves that they are buying beef of national origin.

As far as indications provided in accordance with the voluntary rules are concerned, these appear to be much lower on the list of factors consumers’ judge important when buying beef. In general, voluntary indications do not feature as factors that have a major influence on consumers’ (self-described) purchasing behaviour.

The number of voluntary labelling schemes must be seen in the context of a shrinking beef market. As consumers become more aware of environmental and health concerns, they limit their purchases and shift to higher quality meat which is more likely to bear a voluntary label.
8 Theme 3 – Control system: Evaluation Question 4

Evaluation Question 4: To what extent has the overall control system of the EU beef labelling rules been adequate to achieve the objectives of the regulation?

In answering this question the evaluators will examine in particular:

a) the supervisory role of the Commission over the Member States’ control system;

b) the supervisory role of the Member States’ competent authorities over independent third-party bodies;

c) the exchange of information between the Commission and the Member States and between the Member States;

d) the harmonized and consistent application of control system across the Member States and;

e) the efficiency of the design of the control system.

In answering this question, the evaluators will distinguish between adequacy of the design and implementation of the control system applied for the compulsory beef labelling system and the voluntary beef labelling system.

Definition of the key terms

‘Control system’: The control system is defined by the overall organisation of controls (method, frequency, players, reporting) whose objective is to ensure that the Regulation’s specifications are implemented.

‘Supervision’: The supervision implemented by the EC and by each Member State’s administrative bodies.

‘Efficiency’: The ‘efficiency’ is the best relationship between resources employed and results achieved in pursuing a given objective through an intervention.

‘Design of the control system’: By ‘design’ of the control system we understand the conception and structure of the control system.

Understanding of the question

The implementation of Regulation (EC) 1760/2000 means that controls have to be carried out all along the production chain, from the breeding farm with animal identification and registration up to retail stage with the labelling of beef and beef products.

Furthermore, the Regulation distinguishes two beef labelling systems (the compulsory labelling system and the voluntary one). The answer to this evaluation question takes both of these systems into consideration.

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 Regulation (EC) 1760/2000.

The legal framework of the beef labelling controls takes into account other legal texts:

- Regulation (EC) 1082/2003 laying down detailed rules for the implementation of Regulation (EC) 1760/2000 of the European Parliament and of the Council as regards the minimum level of controls to be carried out in the framework of the system for the identification and registration of bovine animals;
- Regulation (EC) 882/2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules.

Different levels of control exist in each Member State for both compulsory and voluntary labelling systems.

Regulations (EC) 1760/2000 and 1825/2000 give general indications relating to controls:

- Member States shall:
  - designate the authority responsible for ensuring compliance with the Regulation;
take all the necessary measures to ensure compliance with the provisions of the Regulation which includes the elements ‘double ear tags’, ‘holding register’, ‘cattle passport’ and ‘computerised database’;

determine the system of sanctions that shall be applicable in case of breaches of Regulation (EC) 1760/2000.

• The Commission shall:
  
  o verify that the Member States are complying with the requirements;  
  o make on-the-spot checks to ensure that the controls are carried out in accordance with the Regulation.

• Regarding the voluntary labelling system, Regulation (EC) 1760/2000 requires that voluntary labelling specifications indicate the control system which will be applied at all stages of production and sale, including the controls to be carried out by an independent body recognised by the competent authority.

Controls of the system for the identification and registration of bovine animals are detailed in Regulation (EC) 1082/2003:

• The competent authority of each Member State in charge of controls has to verify that the Regulation has been implemented:
  
  o Controls should be based on a risk analysis;
  o On-the-spot inspections, which should be unannounced, should be carried out in at least 10% of the holdings each year.

• Member States should make an annual report to the Commission giving details on the implementation of the controls;

• The Commission should provide the Member States with a model of such a report.

Controls of the labelling system for beef and beef products are detailed in Regulation (EC) 882/2004:

• Independent third parties may also be appointed under the delegation of tasks by the competent authorities, as defined in Regulation (EC) 882/2004. The competent authority delegating these services is required to monitor the activities of the third party body regularly;

• Under Regulation (EC) 882/2004, an integrated multi-annual control plan is developed at Member State level and submitted to the Commission. This includes annual reports and the results of controls and audits.

This evaluation question is also intended to analyse whether control provisions have been applied in a harmonised way between Member States and if there has not been distortion of competition between operators. The discrepancies are due to different interpretations of the rules and definitions of the control programme by the national authorities on the one hand, and the Commission in its supervisory role on the other hand.

Finally, the evaluation takes into account two DG SANTE reports on a series of audits carried out in several Member States in order to evaluate the operations of controls of the traceability and labelling of beef and beef products in 2003 and 2012.

On the basis of all these considerations, this question can be deconstructed into five sub-questions:

• Has the Commission been effective in its supervisory role of Member States’ control systems?

• Have the Member States been effective in their supervisory role of independent third bodies’ control systems?

• Has the transmission of information between the Commission and Member States and between Member States themselves been adequate and effective?

• Are the national control systems harmonised and consistent?

• Are the control systems efficiently designed? This last question meaning ‘would another design have been more efficient?’ that is to say, less costly with the same effectiveness.

---

80 Regarding the third countries, the Commission shall also check if the procedure and/or criteria applied in a third country are equivalent to the standards established in the Regulation.
Judgement criteria and indicators

It is therefore important to analyse:

- The control programmes implemented by the Member States and the Commission to determine if means and frequencies have been appropriate (risk analyses, adaptation of the monitoring plan based on the results from previous years);
- 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 have been observed (nature, importance, frequency)?
- What actions have been taken in regards to these non-conformity cases?
- Non-conformity rates will be the first indicator of a good implementation of Regulation (EC) No 1760/2000. It is thus important to assess the data availability. The relevance of this indicator will be confirmed by the analysis of the control system.
- What are the costs of the system (for the independent control bodies, for the Member States’ official control bodies)?

In Member States where voluntary labelling systems were already in place, an independent body recognised by the competent authority and designated by the operator may have been appointed as a substitute for the official control system. As a consequence, these voluntary specifications will also be taken into account.
## Table 35 – Judgment criteria and indicators for Evaluation Question 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 Commission been effective in its supervision role of the Member States’ control systems?</td>
<td>The Commission services have ensured that Member States have put a control system in place. The Commission services centralise monitoring reports and present a synthetic overview.</td>
<td>1) Existence and implementation of the procedure.</td>
<td>Interviews with Commission officers in charge of control systems. Conclusions of the reports of the audits carried out in 2003 and 2012.</td>
<td>/</td>
</tr>
<tr>
<td>Have the Member States been effective and adequate in their supervision role of independent third party control systems?</td>
<td>A reliable control system has been implemented in each Member State. When private control bodies are involved, results are transmitted and compiled by national authorities and non-conformity rates are known. Non-conformity observations have been followed by specific actions and/or sanctions.</td>
<td>2) National control system analysis / Level of involvement of national authorities.</td>
<td>Interviews with Member States’ and EU officers in charge of control systems. Interviews with independent organisations’ agents in charge of control systems. Annual reports of Member States. Conclusions of the reports of the DG SANTE audits carried out in 2003 and 2012.</td>
<td>Data availability in official reports</td>
</tr>
<tr>
<td>Has the transmission of information between the Commission and the Member States and between the Member States themselves been effective and adequate?</td>
<td>Member States have transmitted regular and suitable information to the Commission. Member States have communicated with one another on this subject</td>
<td>5) Exchange of information between the Commission and the Member States 6) Existence / non-existence of formal protocols to facilitate the communication between the Member States.</td>
<td>Interviews with Member States’ and EU officers in charge of control systems. Annual reports from the Member States.</td>
<td>Subjectivity of the people interviewed</td>
</tr>
<tr>
<td>Are the national control systems harmonised and consistent?</td>
<td>Interpretation of Regulations (EC) No 275/2007 and 882/2004 is consistent between Member States. Control systems are homogeneous (method, frequency, etc.).</td>
<td>7) Comparison of national control systems. 8) Stakeholders’ opinions.</td>
<td>Interviews of Member States’ officers in charge of control systems. Annual reports of the Member States. Member States’ notifications.</td>
<td>/</td>
</tr>
<tr>
<td>Are the control systems efficiently designed?</td>
<td>The co-ordination of the various national services involved in the control of compulsory and voluntary labelling systems are satisfactory. National Authorities’ services know the cost of their control systems</td>
<td>9) Available cost data</td>
<td>Interviews with Member States’ officers in charge of control systems. Interview with independent organisations’ agents in charge of control systems. Control system description. Annual reports of Member States. Conclusions of the reports of audits carried out in 2003 and 2012.</td>
<td>/</td>
</tr>
</tbody>
</table>
8.1 Supervisory role of the Commission over the Member States’ control systems

8.1.1 Indicator 1: Existence and implementation of the procedure

The Commission, in its role as guardian of the European Union Treaties, is responsible for ensuring that Community legislation on food safety, animal health, plant health and animal welfare is properly implemented and enforced. Control systems, defined by Regulation (EC) No 882/2004\textsuperscript{81}, are part of this legislation.

The Food and Veterinary Office (FVO), which is part of the Directorate-General for Health and Consumer Protection (DG SANTE), plays an important role in fulfilling this task, notably through audits to evaluate the operation of controls over the traceability and labelling of beef and beef products.

Based on our analysis of Regulation (EC) No 882/2004\textsuperscript{82}, Regulation (EC) No 1760/2000\textsuperscript{83} and on the information collected from the interviews of the Commission officers in charge of controls, the following points can be observed with regard to the role of the Commission in the Member States’ control systems and enforcement:

- Each Member State nominates a clearly identified public body to implement the rules. The Commission plays a role of overall supervisor to ensure that the Regulations’ requirements are applied.
- The Commission is responsible for centralising the Multi-Annual National Control Plans (MANCP): the plans cover five main areas (food law, feed law, animal health rules, animal welfare rules and plant health rules) and contain general information on the structure and organisation of the control systems. Member States must also submit to the Commission an annual report indicating the results of controls, the audits conducted and the non-compliance management.
- Until the 2014 reform, the Commission was responsible for collecting the list of voluntary schemes certified by each National Authority.
- The Commission is responsible for conducting audits to ensure that the checks are carried out in accordance with the Regulation.

The application of requirements 1, 2 and 3 is shown in the following table:

<table>
<thead>
<tr>
<th>Body responsible for reporting to the Commission</th>
<th>Reports on compulsory schemes are collected?</th>
<th>Lists of voluntary schemes were collected?</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE Bundesanstalt für Landwirtschaft und Ernährung (BLE) / Bundesministerium für Ernährung und Landwirtschaft (BMELV)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>FR Direction générale de la concurrence, de la consommation et de la répression des fraudes (DGCCRF)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>IT Ispettorato centrale della tutela della qualità e repressione frodi (ICQRF)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>ES Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA) / Agencia Española de Seguridad Alimentaria y Nutrición (AECOSAN)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>UK Rural Payments Agency / Department for Environment, Food and Rural Affairs (RPA / DEFRA)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>IE Food Safety Authority of Ireland (FSAI)</td>
<td>Yes (until 2011)</td>
<td>Yes</td>
</tr>
<tr>
<td>PL Inspektorat Weterynarii / Inspekcjaksięości Handlowej Artykulów Rolno-Spożywczych (IJIHARS)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Source: National case studies

\textsuperscript{81} Regulation (EC) No 882/2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules.

\textsuperscript{82} Article 41 to 46

\textsuperscript{83} Articles 16 and 22
Regarding these first three points, the supervisory role of the Commission can be judged satisfactory:

- A public body in charge of the control systems is identified in each Member State;
- Regarding the compulsory rules, annual reports are communicated to the Commission. Their content will be examined later in this question. The role of the Commission is to collect them but not to analyse them.
- The supervision on the voluntary schemes is more limited as the Commission is only responsible for collecting, and not analysing, the list of approved voluntary labels in each Member State. The Commission has no supervisory role regarding the implementation and enforcement control of these voluntary schemes.

Regarding the last supervisory task of the Commission, a series of audits on the traceability of beef and beef products was conducted in 2002 and 2011 by the FVO. Details on these audits are presented in the introductory chapter to this report (paragraph 1.5.2).

Finally, in accordance with Article 44 of Regulation (EC) No 882/2004, the Commission prepares an annual report for the European Parliament on the basis of the national annual reports. This report summarises the overall operation of official controls in the Member States and gives recommendations, when appropriate, to improve the overall management of the system.

Generally, information about beef labelling is scarce in these synthesis reports as no specific requirements are addressing the reporting concerning beef labelling. However, following the audits conducted in 2011, the two most recent annual reports of the Commission included a small paragraph on the ‘traceability of beef and beef products’ which stated that: ‘controls of traceability of beef and beef products and compulsory labelling have improved significantly in the Member States visited’.

All these reports (national reports and synthesis report from the Commission) are publicly available on the Commission website.

MAIN FINDINGS IN SUB-QUESTION 1 - SUPERVISORY ROLE OF THE COMMISSION

Indicator 1 shows that the supervisory role of the Commission over the Member States’ control systems in the labelling of beef and beef products is defined by two Regulations: the main principles are set out under Article 22 of Regulation 1760/2000 while the details are established by Regulation (EC) No. 882/2004.

The role of the Commission consists of four main features:

- overall supervision of the control systems, their implementation and functioning; and primarily the identification of the public body in charge of the control system in each Member State;
- the collection of the national annual reports;
- the collection of the lists of voluntary schemes certified in each Member State; and
- the conducting of audits to ensure that the checks are carried out in compliance with the rules.

Having examined the role of the Commission and its execution of these four tasks, we can conclude that the supervisory role of the Commission over the Member States’ control systems is satisfactory.

Finally, the Commission is required to produce an annual synthesis report. Generally, information regarding the beef labelling sector is scarce due to the lack of specific requirements concerning beef labelling but the two most recent reports have included short paragraphs on that sector; based on the series of audits conducted in 2011 by the Food and Veterinary Office.

---

84 “The Commission shall make audits to ensure that the checks are carried out in accordance with the Regulation”
85 Report from the Commission to the European Parliament and to the Council on the overall operations of official controls in the Member States on food safety, animal health and animal welfare, and plant health.
86 http://ec.europa.eu/food/food_veterinary_office/annual_reports/index_en.htm
8.2 Supervisory role of the Member States with regard to the independent third party control system

8.2.1 Indicator 2: Analysis of the national control systems and level of involvement of national authorities

The organisation of the control system differs notably from one Member State to another, with the engagement of national authorities varying significantly.

The following table illustrates those differences and the degree of involvement of the national authorities in each system (both the compulsory and voluntary schemes).

Table 37 – Implementation of control systems in the Member States and supervisory role of national authorities

<table>
<thead>
<tr>
<th>Member State</th>
<th>Compulsory schemes</th>
<th>Voluntary schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>DEFRA, as the general supervisor of control systems, authorises RPA Inspectors and also those from local authorities to carry out checks on compulsory and voluntary labelling schemes. No private control bodies are involved.</td>
<td>Interver owns the voluntary specifications and supervises controls. Controls are subcontracted to private control bodies. DGCCRF does not take part in these controls except in cases of fraud falling within its mandate.</td>
</tr>
<tr>
<td>DE</td>
<td>Both compulsory and voluntary labelling systems are controlled together. Public (BLE/BMELV) and private control bodies are involved in controls.</td>
<td>A dozen private organisations are involved. Audit results are forwarded to the central administration annually. There is no coordination between the compulsory and voluntary labelling controls.</td>
</tr>
<tr>
<td>IE</td>
<td>Both compulsory and voluntary labelling systems are controlled together. Public (FSAI, DAFM officers, veterinary inspectors or public officers from local authorities) and private control bodies are involved in controls.</td>
<td></td>
</tr>
<tr>
<td>IT</td>
<td>ICQRF supervises the control system of compulsory and voluntary labelling systems. Different public (ICQRF, Local Health Authorities) and private control bodies are involved in controls.</td>
<td></td>
</tr>
<tr>
<td>FR</td>
<td>DGCCRF supervises the control plan at national level.</td>
<td></td>
</tr>
<tr>
<td>ES</td>
<td>Controls are carried out by the autonomous communities and collected by the central administration (MAGRAMA / AECOSAN).</td>
<td></td>
</tr>
<tr>
<td>PL</td>
<td>Several public bodies are involved (The Veterinary Inspection, the Agricultural and Food Quality Inspection and the Office of Competition and Consumer Protection).</td>
<td>Private certification bodies, supervised by the national authority.</td>
</tr>
</tbody>
</table>

Source: National case studies – see Table of acronyms (before the introduction of the report)

The involvement of public and private authorities in the control systems varies depending on the Member States’ administrative organisations:

- **United Kingdom**: controls are only carried out by public officers; for both compulsory and voluntary labelling schemes.

- **Germany, Ireland and Italy**: there is no clear distinction between the compulsory and the voluntary schemes: control of voluntary schemes automatically entails the control of compulsory requirements. Whenever control bodies detect non-compliance in relation to traceability and compulsory labelling requirements, they are under the obligation to communicate this to the regional or national authority.

- **France, Spain and Poland**: the compulsory schemes are controlled by public officers and voluntary schemes are fully controlled by private bodies. There is no systematic coordination between the two schemes’ control systems.

- Where controls are monitored by local authorities, information about beef labelling compliance is not necessarily compiled and centralised at national level. This is the case in the United Kingdom and in Spain.

- Controls may be performed by a single body, as is the case in France and the United Kingdom or by different services (one at the slaughterhouse stage, another at retail stage) as the case Germany, Italy, Spain, Ireland, and Poland.

Generally, national authorities exercise a role of overall supervisor of the whole control system. However, this supervisory role is more limited for voluntary labelling schemes than for the compulsory scheme. Where controls are entrusted to private bodies, the national authority only intervenes in cases of fraud.
However, audits conducted by DG SANTE – Food and Veterinary Office (FVO) in 2002 and between 2009 and 2011 noted some improvements but also pointed to some remaining weaknesses in traceability and beef labelling systems:\(^87\):

- Traceability systems showed some shortfalls as the registration system in place in several Member States was not comprehensive (missing links) and could not trace beef or minced meat back to the holding of origin of the animal or group of animals with any confidence, which jeopardized the traceability system in place.
- Regarding the compulsory EU beef labelling system, the cases of non-compliance were not widespread but concerned a few individual establishments. Weaknesses were identified in the control and application of voluntary labelling systems in most Member States, except for France where voluntary labelling was implemented in compliance with the regulatory requirements. Shortfalls noted in the report mostly dealt with the evaluation of specifications and controls.

It can be concluded that control systems are implemented in the Member States, but their functioning still needs some improvement. These analyses permit the evaluators to conclude that the national control systems are partially effective.

### 8.2.2 Indicator 3: Non-conformity rates

There is no specific reporting on controls for the sole beef labelling sector. Available data on controls and non-conformity rates are not always comparable from one Member State to another. Depending on the Member State, data can be very general, relating to: the food sector as a whole; and/or on the meat sector specifically; and/or cross-sectorial with details on traceability, animal welfare, food security, etc.

A thorough examination of all the official reports from the seven Member States analysed in this study has shown that the non-conformity rate in the beef labelling sector cannot be easily isolated. However, more details and information have been collected from the internal reports of national authorities and directly from our interviews with public and private bodies in charge of controls.

Information extracted from these different sources is presented in the following table.

**Table 38 - Infringement reporting in each Member State**

<table>
<thead>
<tr>
<th>Compulsory scheme</th>
<th>Infringement rate</th>
<th>Voluntary scheme</th>
<th>Infringement rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field of controls</td>
<td></td>
<td>Field of controls</td>
<td></td>
</tr>
<tr>
<td>DE</td>
<td>Packaging and labelling in all food sectors (2)</td>
<td>2012 : 18.0% (2) 2013 : 17.7% (2)</td>
<td>Beef labelling (3)</td>
</tr>
<tr>
<td>FR</td>
<td>Beef labelling / Butchers and supermarkets (2)</td>
<td>2013: 27% and 13% respectively (2)</td>
<td>Beef labelling (3)</td>
</tr>
<tr>
<td>IT</td>
<td>Meat and meat based products (1)</td>
<td>2013: 14% (1)</td>
<td>Beef labelling (2)</td>
</tr>
<tr>
<td>ES</td>
<td>Beef labelling (3)</td>
<td>2013: 4% (3)</td>
<td>Not known</td>
</tr>
<tr>
<td>UK</td>
<td>Beef labelling sector (1)</td>
<td>2012: 44% (1) 2013: 37.7% (1)</td>
<td>Included in the rate given for the compulsory scheme</td>
</tr>
<tr>
<td>IE</td>
<td>Packaging and labelling in all food sectors (1)</td>
<td>2011: 3% (1)</td>
<td>Included in the rate given for the compulsory scheme</td>
</tr>
<tr>
<td>PL</td>
<td>Beef labelling sector (1)</td>
<td>2012: 21.7% (1) 2013: 34.9% (1)</td>
<td>So far, there are no discrepancies in the labelling of QMP beef products. (3)</td>
</tr>
</tbody>
</table>

Sources: (1): Official annual reports communicated to the Commission; (2) Notice or report from the national authority; (3) interviews

This table shows that the quality of the data is heterogeneous from one Member State to another: in Spain, the United Kingdom and Poland, for example, the non-conformity rate in the labelling of beef and beef products can be identified and isolated, whereas Ireland and Germany give a rate for ‘packaging and labelling’ in all food sectors, and Italy only provides indications for ‘meat and meat based products’. In France, the non-conformity rate is known for beef labelling at retail stage only.

Based on this table, we can observe that:

- Information on non-compliance rates in relation to the voluntary schemes are either unknown (except in Italy) or can only be estimated by the private control bodies;

---

\(^87\) See paragraph 1.5.2
• In the United Kingdom and Ireland, infringement rates include controls on both voluntary and compulsory labelling schemes, rendering impossible any kind of judgement on control quality;
• In Ireland, the most recent data available are from 2011. Annual reports for 2012 and 2013 are yet to be completed.
• Most of the cases of non-compliance encountered concern either incomplete information on labels or deficient traceability systems to guarantee the accuracy of the information given on the label.

In France, DGCCRF supervises controls of compulsory labelling but is not involved in voluntary labelling controls. However, little qualitative information on the voluntary labelling controls appear in the reports from DGCCRF which implies that information is communicated to the national authority.

As reports are not standardized, data differ significantly from one Member State to another. Regulation (EC) No 1760/2000 requires Member States to send an annual report to the Commission but the Commission is not expected to evaluate these reports. The data are thus collected but not analysed.

8.2.3 Indicator 4: Specific actions or sanctions
Penalties vary depending on the type of non-compliance. In most cases, the penalties applicable consist of fines.

The annual reports on controls and information gathered during our field survey are not detailed enough to establish the penalties specifically applicable in cases of non-compliance with the beef labelling rules. While some officers from national control bodies told us that economic operators were sanctioned, they had no specific details about the nature of these sanctions. Most stakeholders and professional bodies were unable to comment on this topic.

Although professional bodies had no strong views regarding sanctions, it is impossible to reach firm conclusions on this issue as the public reporting system does not provide sufficiently detailed information.

---

MAIN FINDINGS IN SUB-QUESTION 2 - SUPERVISORY ROLE OF THE MEMBER STATES

At national level, control organisation and supervision differ from one Member State to another. Generally, national authorities play a role of overall supervisor of the whole control system. However, the degree of involvement of these national authorities differs as, depending on the Member State, part of the controls is entrusted to independent third parties (Indicator 2).

Audits conducted by DG SANTE – FVO concluded on the remaining weaknesses in the labelling of beef and beef products, in particular concerning the voluntary labelling systems. These analyses permit the evaluators to conclude that the national control systems are partially effective (Indicator 2).

Indicator 3 shows that:

• Member States’ annual reports are heterogeneous from one Member State to another: some of them present general and cross-sector results and others present more detailed results relating to the meat or even beef sectors;
• In the United Kingdom, Poland and Spain, a non-conformity rate in the labelling of beef and beef products can be identified and isolated. In France, this rate is known at retail stage. In Ireland, Italy and Germany, the non-compliance rate is given for the food sector or meat sector generally.
• In relation to voluntary schemes, the rate of infringement is rarely known and often estimated by the private control bodies or sometimes included in the rate given for the beef sector.

Information regarding the penalties and sanctions applicable in the case of infringements is limited. The lack of comments from stakeholders, and professional bodies in particular, shows that sanctions do not seem to be a significant issue (Indicator 4).

---

88 "Some infringements are established on allegations regarding type, animal breed and animal category’
8.3 Communication of information

8.3.1 Indicator 5: Exchange of information between the Commission and the Member States

Member States’ annual reports are publicly available and gathered by the Commission. As required by Article 44 of Regulation (EC) No 882/2004, these reports should specify:

- Any amendment made to the multi-annual national control plans;
- The results of the controls and audits conducted in the previous year under the provisions of the multi-annual national control plan;
- The types 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 Member States in writing the annual reports. The detailed study of these reports has shown that the Member States analysed in this evaluation meet these four requirements.

Indicator 3 aimed at presenting detailed data regarding beef labelling controls collected from various sources. The following table only concerns the national annual reports communicated to the Commission. It indicates how many of these annual reports are available and stipulates the type of content given regarding the field of beef labelling.

Table 39 - Availability and content of the national reports sent to the Commission

<table>
<thead>
<tr>
<th>Years available</th>
<th>Content</th>
<th>Specific data on voluntary labelling</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE 2010 to 2012</td>
<td>Infringement rate given for ‘packaging and labelling’ for all food</td>
<td>No</td>
</tr>
<tr>
<td>FR 2008 to 2012</td>
<td>Infringement rate for traceability and labelling in the beef sector</td>
<td>No</td>
</tr>
<tr>
<td>IT 2010 to 2013</td>
<td>Infringement rate for meat and meat-based products (not only beef).</td>
<td>No</td>
</tr>
<tr>
<td>ES 2010 to 2013</td>
<td>Infringement rate for labelling</td>
<td>No</td>
</tr>
<tr>
<td>UK 2010 to 2013</td>
<td>Infringement rate given for the controls on the labelling of beef and beef products</td>
<td>‘Inaccurate company records and unapproved voluntary beef labelling claims’</td>
</tr>
<tr>
<td>IE 2009 to 2011</td>
<td>Infringement rate given for ‘packaging and labelling’ for all food</td>
<td>No</td>
</tr>
<tr>
<td>PL 2011 to 2013</td>
<td>Infringement rate given for the controls on the labelling of beef and beef products</td>
<td>No</td>
</tr>
</tbody>
</table>

Source: Annual national reports sent to the Commission

The table above shows the heterogeneity of the available information from one Member State to another:

- The years available and level of detail given in the reports differ depending on the Member State.
- There is no reference to voluntary labelling schemes except in the United Kingdom where little qualitative information is given in the annual national reports.

As already mentioned under Indicator 1, it is remarkable that a paragraph was dedicated to the traceability of beef and beef products in the last annual synthesis report about official controls made by the Commission to the European Parliament.

As these reports concern the whole food market chain, the information given to the Commission is not always detailed enough to assess accurate and detailed data about controls on labelling in the beef sector alone. Indicator 3 shows that, in some Member States, detailed documents are available at national level. Therefore, it is likely that the shortcomings are more probably due to the communication of information to the Commission rather than to the controls themselves or local

---

89 It stated that ‘controls of traceability of beef and beef products and compulsory labelling have improved significantly in the Member States visited’.


91 See Table 39 above
reporting. However, as this is not specifically required by the Regulation, it is impossible to conclude that these Member States are not complying with the Regulation.

8.3.2 Indicator 6: Existence of a formal protocol for communication between Member States on this subject

Recital 22 of Regulation (EU) No 882/2004 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 communication and receipt of requests for assistance.

Recital 22 does not impose an obligation on Member States but rather provides a recommendation to facilitate trade and communication between national authorities. According to the control bodies interviewed, the objective of this Regulation was not to harmonise procedures, although this may soon change as it is currently under revision.

The Commission has already implemented some tools to help and facilitate communication between Member States which are however not primarily designed for information exchange on beef labelling, for instance:

- The Irish national authority use the Rapid Alert System\textsuperscript{92} to manage the control of imported beef and beef products.
- The Polish national authority uses the system TRACES\textsuperscript{93} (Trade Control Expert System) as a communication tool for intra-EU trade.
- These two tools (Rapid Alert System and Trade Control Expert System) can be applied across all EU Member States and do not only cover the beef labelling sector.

In some Member States visited, our interviews suggest that, depending on the liaison body in charge of the communication with the other Member States, exchanges take place on a case by case basis. However, these liaison bodies appear to have an insufficient knowledge of the other national control systems. Formal protocols on this issue appear to be inexistent.

\begin{table}
\centering
\begin{tabular}{|c|c|}
\hline
\textbf{Main Findings in Sub-question 3 - Transmission of Information} & \\
\hline
Indicator 5 shows that the case study Member States comply with the Regulation regarding the reporting of the controls they carry out throughout the food chain: annual reports exist and the Commission receives and collects them. & \\
As they concern the whole food chain, these reports are heterogeneous and do not always give specific data regarding controls on labelling in the beef sector. However, the Regulation does not require this level of detail in the reports. Therefore, based on the available evidence we cannot draw a firm conclusion whether the exchange of information between the Commission and the Member States is adequate. & \\
Communication between Member States regarding their control systems is established but formal protocols in this regard are non-existent. Consequently, although European tools for exchange of information exist (Rapid Alert System or TRACES database), these are not primarily designed for information exchange on beef labelling. As a consequence, the information exchanges are made on a case by case basis and are not systematically organised (Indicator 6). & \\
\hline
\end{tabular}
\end{table}

\textsuperscript{92} The Rapid Alert System for Food and Feed is a notification system managed by the European Commission to exchange information between members of the network including Member States, the European Commission and the European Food Safety Authority on hazards identified in food, feed and food contact materials. In 2013, a total of 3,132 notifications were transmitted through this system of which 2,641 related to food, 272 to feed and 219 to food contact materials. 584 of the notifications were classified as an alert; 429 as information for follow-up; 679 as information for attention and 1,440 as border rejection notifications. In addition, there were 38 news items circulated. However, how many of these were related to beef labelling is unknown.

\textsuperscript{93} TRACES is the EU system that manages controls of the trade, import and transit of animals as well as products of animal origin. It applies to intra-EU trade (live animals, biological material, high-risk material), imports and transit from third countries (live animals, animal products) and animal exports to third countries.
8.4 Level of coherence and consistency of the national control systems

8.4.1 Indicator 7: Comparison of national control systems

Indicator 2 (and particularly Table 37) provides our analysis of the national control systems and the level of involvement of each national authority in the Member States where we carried out case studies.

The following points arise from this analysis:

- 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 private and/or public bodies.
- As control systems cover the food chain as a whole, the information available does not relate to specific procedures regarding the beef sector.

Indicator 3 shows the significant heterogeneity of the level of detail given in the reports.

Thus, the setting-up of national control systems is coherent and consistent because of their common characteristics: the supervision of the national authorities; the distribution of controls throughout the market chain. Yet, the level of detail in reporting is insufficient to assess the effectiveness of the control systems.

8.4.2 Indicator 8: Stakeholders’ opinions on their national control systems

Stakeholders’ opinions with regard to their national control systems are homogeneous between the Member States. In most cases, controls are considered to be necessary, effective and reliable.

The table below summarised the opinions of the stakeholders expressed during our field survey.

However, some remarks of clarification are worth highlighting:

- In the United Kingdom and Germany, stakeholders favour a simplification of the overall system;
- In France, Spain and Italy, stakeholders are concerned by a perceived decline in the frequency and regularity of controls;
- In Ireland, operators are concerned that the new regulation on voluntary labelling may lead to a decrease in the number of controls.

<table>
<thead>
<tr>
<th>Table 40 - Stakeholders’ opinions regarding control systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholders’ opinions regarding control systems</td>
</tr>
<tr>
<td>DE</td>
</tr>
<tr>
<td>FR</td>
</tr>
<tr>
<td>IT</td>
</tr>
<tr>
<td>ES</td>
</tr>
<tr>
<td>UK</td>
</tr>
<tr>
<td>IE</td>
</tr>
<tr>
<td>PL</td>
</tr>
</tbody>
</table>

Source: AND International from the field survey
The opinions of the stakeholders interviewed are not sufficiently substantiated to draw firm conclusions about the national control systems. However, it is nonetheless important to mention the fact that they generally consider these systems as reliable and effective.

MAIN FINDINGS IN SUB-QUESTION 4 - LEVEL OF COHERENCE AND CONSISTENCY

Despite the limited availability of detailed data on labelling in the beef sector, the comparison of the national control systems allows us to conclude there is a satisfactory level of coherence and consistency (Indicator 7).

According to the stakeholders interviewed, the controls are necessary, effective and reliable. Stakeholders’ main concerns relate to the declining trend in the frequency of controls, particularly given the entry into force of the new Regulation on voluntary labelling (Indicator 8).

8.5 Level of efficiency of the control systems’ design

8.5.1 Indicator 9: Available cost data

A control system is efficient if the relationship between resources employed and results achieved in pursuing a given objective through an intervention is considered as the best.

In this case, the control systems’ efficiency can be approached from the perspective of cost-effectiveness on one hand and system-effectiveness on the other.

The cost-effectiveness can be analysed through a comparison of the cost of controls with indicators such as retail prices or the overall turnover of the beef sector.

Unfortunately, the cost data collected during the field survey are very poor and heterogeneous as illustrated in Table 41:

- In most cases, these costs are estimates by stakeholders interviewed which cannot be verified by objective sources of data;
- In some Member States, even when data are available, they combine include both compulsory and voluntary schemes;
- The available data are difficult to compare as costs are sometimes annual costs for the whole sector, sometimes annual costs for a single operator, and sometimes represent a percentage of the total production cost, or even the cost per kilo.
To evaluate the cost-effectiveness of the control systems, it is important to know the cost of carrying out these controls as a share of the retail price of beef or a share of the turnover of the beef sector. Data collected during the field survey and presented in the table above enable us to estimate this share in two Member States only: Germany and the United Kingdom.

In Germany, the cost of controls is estimated to represent 0.1% of the retail price. In the United Kingdom, this share is estimated to represent 0.01% of the turnover of the beef sector.

This is very low and therefore the control system can be considered as limited in these two Member States.
Table 42 – Calculation of the cost of carrying out controls as a share of the retail price of beef or the turnover of the beef sector

<table>
<thead>
<tr>
<th></th>
<th>Germany (2013 data)</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail price (EUR/kg)</td>
<td></td>
<td>8.1</td>
<td>AMI</td>
</tr>
<tr>
<td>Carcass price (EUR/kg)</td>
<td></td>
<td>3.34</td>
<td>AMI</td>
</tr>
<tr>
<td>Meat yield</td>
<td></td>
<td>55%</td>
<td>AND</td>
</tr>
<tr>
<td>Processing price (EUR/kg)</td>
<td></td>
<td>6.1</td>
<td>Meat yield * Carcass price</td>
</tr>
<tr>
<td>Value added rate</td>
<td></td>
<td>7%</td>
<td>Eurostat</td>
</tr>
<tr>
<td>Processing cost estimation (EUR / kg)</td>
<td></td>
<td>0.4</td>
<td>Processing price*value added rate</td>
</tr>
<tr>
<td>Share of the control in the processing cost</td>
<td></td>
<td>2%</td>
<td>Field survey in Germany (estimate)</td>
</tr>
<tr>
<td>Control cost estimation (EUR / kg)</td>
<td></td>
<td>0.009</td>
<td>Processing cost estimation*share of control cost</td>
</tr>
<tr>
<td>Share of the control cost in the retail price</td>
<td></td>
<td>0.1%</td>
<td>Control cost estimation / retail price</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>United Kingdom (2013 data)</th>
<th>Value</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover of the beef sector (*1 000 EUR)</td>
<td></td>
<td>3 776 000</td>
<td>Defra</td>
</tr>
<tr>
<td>Estimation of the annual control cost (*1 000 EUR)</td>
<td></td>
<td>472</td>
<td>RPA</td>
</tr>
<tr>
<td>Share of the control cost in the turnover of the beef sector</td>
<td></td>
<td>0.01%</td>
<td>Control cost / turnover of the beef sector</td>
</tr>
</tbody>
</table>

Source: AND International from the field survey

Regarding the system-effectiveness, it has been demonstrated under Indicator 2 that control systems were implemented in Member States but their functioning shows some weaknesses, especially in the case of voluntary labelling systems.

MAIN FINDINGS IN SUB-QUESTION 5 - EFFICIENCY OF THE CONTROL SYSTEM DESIGN

The data collected for Indicator 9 are only estimates that are therefore difficult to compare. Nevertheless, these estimates have allowed us to calculate the cost of carrying out controls as a share of the retail price of beef in two Member States: Germany and the United Kingdom.

In these two cases, the cost of controls can be estimated to less than 1% of the retail price in Germany and less 1% of the turnover of the beef sector in the United Kingdom. Therefore, the control system can be considered as limited.

Nevertheless, as demonstrated under Indicator 2, based on the reports of audits conducted by DG SANTE-FVO, the functioning of the control systems is only partially effective.

For this reason, the control system can be considered to be only partially efficient.
Evaluation question 4 aims to determine whether the control system (involving the European Commission, national authorities and independent control bodies) is adequate to implement the beef labelling rules.

1) Supervisory role of the Commission over the Member States’ control systems

The control systems fall within the competence of the Member States while the Commission plays a supervisory role.

The Commission’s four main tasks have been examined (identification of the national public body in charge of implementing the control system, collection of national annual reports, collection of the lists of voluntary schemes and conducting of audits in the Member States). On the basis of the evidence collected, we conclude that the Commission exercises its supervisory role over the Member States’ control systems to a satisfactory standard.

2) Supervisory role of the Member States over independent third party control systems

National authorities play a role of overall supervisors of the entire control system. However, their degree of involvement differs as, depending on the Member State, some of the controls are entrusted to independent third parties.

The contents of the national reports produced annually:

- are heterogeneous;
- do not identify and isolate non-conformity rates for the labelling of beef and beef products;
- rarely include a non-conformity rate for voluntary schemes (for which, limited data is available beyond estimates by the private control bodies).

As a result, on the basis of these reports, control systems are heterogeneous but they nonetheless meet the requirements of the Regulation.

However, regarding the functioning of the control systems, audits conducted by DG SANTE – FVO concluded that weaknesses remained in the labelling of beef and beef products, in particular concerning the voluntary labelling systems. These analyses permit the evaluators to conclude that the national control systems were only partially effective.

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 organised in accordance with the Regulation. Member States' annual reports exist and the Commission collects and analyses them. Yet, these reports do not always contain specific data regarding controls on the labelling of beef and beef products (nor does the Regulation require this level of detail. Therefore, based on the available evidence we cannot draw a firm conclusion whether the exchange of information between the Commission and the Member States is adequate.

Exchanges of information between Member States occasionally take place but are not systematically organised.

4) Level of coherence and consistency of the national control systems

Notwithstanding the limited detailed data available on labelling in the beef sector, the comparison of the national control systems allows us to conclude that there is a satisfactory level of coherence and consistency among national control systems.

5) Efficiency of the control systems’ design

Available data on control costs are poor and heterogeneous. However, estimates for Germany and the United Kingdom allowed us to calculate the share of the control cost at less than 1% of the retail price in Germany and less than 1% of the turnover of the beef sector in the United Kingdom. Therefore, the costs of control systems in these Member States seem to be limited.

Nevertheless, as the functioning of the control systems cannot be considered to be fully effective (see above), we can conclude that the control systems do not have a satisfactory level of efficiency.
9 Theme 4 – Coherence: Evaluation Question 5

Evaluation Question 5: To what extent have the EU beef labelling rules been coherent with other relevant EU policy measures, notably with:

- Regulation (EU) No 1151/2012 of the European Parliament and of the Council on quality schemes for agricultural products and foodstuffs, in particular regarding the co-existence on the internal market for beef products with PDO/PGI indications and other beef products labelled under the voluntary labelling system.

Definition of the key terms

“Coherence” refers here to the external coherence of Regulation (EC) No 1760/2000 with other relevant CAP measures listed in the evaluation question. The present evaluation question requires to analyse whether objectives and rules of Regulation (EC) No 1760/2000 are consistent with the objectives and rules of the other regulations and to examine complementarities between the examined measures.

Understanding of the question

The evaluation question requires to analyse the coherence between Regulation (EU) No 1760/2000 and each of the following Regulation through coherence matrices in relation to (a) the objectives pursued; (b) the measures that have been laid down by each Regulation:

a) Coherence with Regulation on the provision of food information to consumers

Regulation (EU) No 1169/2011 establishes the general principles, requirements and responsibilities governing the provision of food information to consumers, and in particular through food labelling. It applies to food business operators at all stages of the food chain, where their activities concern the provision of food information to consumers. It applies to all foods intended for the final consumer, including foods delivered by mass caterers, and foods intended for supply to mass caterers.

The main objective of Regulation (EU) No 1169/2011 is consumer protection through the provision of adequate information for consumers to make informed and safe choices. The provided information must be clear, transparent and understandable.

The analysis compares the requirements of Regulation (EC) No 1760/2000 with regard to beef labelling with Regulation (EU) No 1169/2011 to assess whether the labelling requirements applied to beef and those applied to food products are coherent. The analysis also considers the specific rules established for the definition of minced beef.

b) Coherence with the Regulation regarding the indication of the country of origin or place of provenance for fresh, chilled and frozen meat of swine, sheep, goats and poultry

Regulation (EU) No 1337/2013 lays down the rules for the implementation of Regulation (EU) No 1169/2011 regarding the indication of the “country of origin” or “place of provenance” for fresh, chilled and frozen meat of swine, sheep, goats and poultry.

The analysis focuses on the coherence of traceability and labelling rules for swine, sheep, goat and poultry meat with beef labelling requirements concerning the indication of origin. In other words, the aim of this part is to answer the question: “Are compulsory requirements applying to swine, sheep, goats and poultry meat operators coherent with what is compulsory for beef operators?”

94 Coherence is defined as the extent to which an intervention does not contradict other interventions with similar objectives.
c) Coherence with the Regulation establishing a common organisation of the markets in agricultural products

Article 78a and Annex VII – Part I of Regulation (EU) No 1308/2013 (single CMO) provide definitions, sales descriptions, labelling and recording rules for meat of bovine animals aged less than 12 months. Annex VII – Part I establishes the following compulsory sales descriptions:

- Bovine animals aged less than 8 months are classified as V category, with sales description as “veal”;
- Bovine animals between 8-12 months are classified as Z category, with sales description as “beef”.

The following rules for recording and traceability are also laid out:

- a reference number to identify the animals from which the meat originates and the sales description, the age on slaughter and the category identification letter given on the meat label;
- the date of arrival and departure of animals and meat in the establishment;
- the identification number and date of birth of the animals at slaughterhouse level only.

The compulsory labelling rules for meat of bovines aged less than 12 months, requiring the sales description (“veal” or “beef”) to appear on the products, as well as the age of the animals at slaughter (“less than 8 months” or “from 8 to less than 12 months”), are established without prejudice to Articles 13, 14 and 15 of Regulation (EU) No 1760/2000.

The analysis in this part focuses on assessing the coherence between the rules established for the identification of bovine animals aged less than 12 months and for meat labelling and those established by Regulation (EU) No 1760/2000 for beef and beef products.

d) Coherence with EU quality schemes

Regulation (EU) No 1151/2012 defines the EU framework for the registration of PDO, PGI and TSG products which are under legal protection and subject to compliance with specifications validated at national and European levels.

A total of 41 PDO/PGI beef products are registered across the EU Member States (no TSG is registered for beef). The following table lists all beef products registered in the case study Member States (5 PDOs, 22 PGIs).

95 Traditional Speciality Guaranteed.
Table 43 – Registered PDO/PGI beef products in the case study Member States

<table>
<thead>
<tr>
<th>Member State</th>
<th>Denomination</th>
<th>PDO / PGI</th>
<th>Registration date</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>West Country Beef</td>
<td>PGI</td>
<td>15/01/2014</td>
</tr>
<tr>
<td>DE</td>
<td>Weideochse vom Limpurger Rind</td>
<td>PDO</td>
<td>24/09/2013</td>
</tr>
<tr>
<td>FR</td>
<td>Fin Gras/ Fin Gras du Mézenc</td>
<td>PDO</td>
<td>09/05/2013</td>
</tr>
<tr>
<td>FR</td>
<td>Bœuf de Vendée</td>
<td>PGI</td>
<td>03/08/2011</td>
</tr>
<tr>
<td>DE</td>
<td>Bayerisches Rindfleisch / Rindfleisch aus Bayern</td>
<td>PGI</td>
<td>22/03/2011</td>
</tr>
<tr>
<td>FR</td>
<td>Maine – Anjou</td>
<td>PDO</td>
<td>17/12/2010</td>
</tr>
<tr>
<td>FR</td>
<td>Génisse Fleur d’Aubrac</td>
<td>PGI</td>
<td>03/09/2010</td>
</tr>
<tr>
<td>FR</td>
<td>Bœuf de Bazas</td>
<td>PGI</td>
<td>12/11/2008</td>
</tr>
<tr>
<td>ES</td>
<td>Ternera Asturiana</td>
<td>PGI</td>
<td>21/08/2004</td>
</tr>
<tr>
<td>ES</td>
<td>Carne de Vacuno del Pais Vasco/Euskal Okela</td>
<td>PGI</td>
<td>21/08/2004</td>
</tr>
<tr>
<td>ES</td>
<td>Ternera de Navarra : Nafarroako Aratxea</td>
<td>PGI</td>
<td>21/08/2004</td>
</tr>
<tr>
<td>ES</td>
<td>Carne de la Sierra de Guadarrama</td>
<td>PGI</td>
<td>21/08/2004</td>
</tr>
<tr>
<td>ES</td>
<td>Carne de Cantabria</td>
<td>PGI</td>
<td>21/08/2004</td>
</tr>
<tr>
<td>ES</td>
<td>Ternera de Extremadura</td>
<td>PGI</td>
<td>12/08/2004</td>
</tr>
<tr>
<td>UK</td>
<td>Welsh Beef</td>
<td>PGI</td>
<td>22/11/2002</td>
</tr>
<tr>
<td>FR</td>
<td>Taureau de Camargue</td>
<td>PDO</td>
<td>18/10/2001</td>
</tr>
<tr>
<td>IT</td>
<td>Vitellone bianco dell’Appennino Centrale</td>
<td>PGI</td>
<td>21/01/1998</td>
</tr>
<tr>
<td>ES</td>
<td>Ternera Gallega</td>
<td>PGI</td>
<td>18/12/1996</td>
</tr>
<tr>
<td>FR</td>
<td>Veau d’Aveyron et du Ségala</td>
<td>PGI</td>
<td>21/06/1996</td>
</tr>
<tr>
<td>FR</td>
<td>Veau du Limousin</td>
<td>PGI</td>
<td>21/06/1996</td>
</tr>
<tr>
<td>FR</td>
<td>Bœuf du Maine</td>
<td>PGI</td>
<td>21/06/1996</td>
</tr>
<tr>
<td>FR</td>
<td>Bœuf charolais du Bourbonnais</td>
<td>PGI</td>
<td>21/06/1996</td>
</tr>
<tr>
<td>FR</td>
<td>Bœuf de Chalosse</td>
<td>PGI</td>
<td>21/06/1996</td>
</tr>
<tr>
<td>ES</td>
<td>Carne de Ávila</td>
<td>PGI</td>
<td>21/06/1996</td>
</tr>
<tr>
<td>ES</td>
<td>Carne de Morucha de Salamanca</td>
<td>PGI</td>
<td>21/06/1996</td>
</tr>
<tr>
<td>UK</td>
<td>Scotch Beef</td>
<td>PGI</td>
<td>21/06/1996</td>
</tr>
<tr>
<td>UK</td>
<td>Orkney beef</td>
<td>PDO</td>
<td>21/06/1996</td>
</tr>
</tbody>
</table>

Source: DOOR

Art. 2(3) of Regulation (EC) No 1151/2012 states that the regulation “shall apply without prejudice to other specific Union provisions relating to the placing of products on the market and, in particular, to the single common organisation of the markets, and to food labelling”. On the other hand, Recital No 31 of Regulation (EU) No 1760/2000 states that beef labelling rules must not affect regulation on the protection of geographical indications and designations of origin for agricultural products and foodstuffs.

Therefore, beef products under PDO/PGI label still have to comply with the compulsory identification and labelling requirements set out in Regulation (EC) No 1760/2000. Coherence between the two regulations must thus be examined with respect to beef voluntary labelling rules, in particular when the origin of a beef product is displayed on a voluntary label, as this may generate confusion for the consumer. On the basis of these considerations, the analysis focuses on the co-existence of beef products labelled under voluntary labelling systems and products under PDO/PGI or other quality labels on the internal market, including the overlapping of voluntary labels and PDO/PGI or other quality labels (i.e. the instances in which beef products can carry both PDO/PGI labels and labelling according to voluntary beef schemes) that may generate confusion for the consumer (and possibly also have implications for traceability and labelling requirements).

Some Member States have other types of quality schemes applied to beef besides PDO/PGI schemes, e.g. ‘Race à viande’ in France for beef from meat breeds or “QS-Qualität Sicherung” in Germany (i.e. quality assurance).
**Judgement criteria and indicators**

The following table presents the criteria for judgement and the corresponding indicators. Each sub-question focuses on assessing the coherence of Regulation (EC) No. 1760/2000 with each of the regulations described above.

<table>
<thead>
<tr>
<th>Sub – questions</th>
<th>Judgement Criteria</th>
<th>Indicators</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) To what extent are EU beef labelling rules coherent with Reg. (EU) No 1169/2011 regarding the provision of food information to consumers?</td>
<td>Rules regarding food information to consumers published in 2011 are coherent with rules regarding beef labelling</td>
<td>1) Comparison of beef labelling rules with labelling rules for other food products 2) Analysis of the specific rules regarding the definition of minced beef</td>
<td>Analysis of legal texts Interviews with national authorities and operators</td>
</tr>
<tr>
<td>2) To what extent are EU beef labelling rules coherent with Reg. (EU) No 1337/2013 regarding the indication of the country of origin for other meats?</td>
<td>Rules regarding the indication of country of origin (or place of provenance) for other meats are coherent with rules regarding the same indication for beef</td>
<td>3) Comparison of rules for beef labelling with labelling rules for swine, goat, sheep and poultry meat</td>
<td>Analysis of legal texts Interviews with national authorities and operators</td>
</tr>
<tr>
<td>3) To what extent are EU beef labelling rules coherent with Reg. (EU) No 1308/2013 establishing sales descriptions and the labelling of meat from bovine animals aged less than 12 months?</td>
<td>Sales descriptions and labelling requirements for meat of bovine animals aged less than 12 months are coherent with beef labelling rules</td>
<td>4) Comparison of beef labelling rules with labelling rules for bovine animals aged less than 12 months</td>
<td>Analysis of legal texts Results of the evaluation by AND about sales descriptions of meat of bovine animals aged less than 12 months (2014)</td>
</tr>
<tr>
<td>4) To what extent are EU beef voluntary labelling rules coherent with quality schemes?</td>
<td>Quality schemes and other quality labelling rules are consistent with beef voluntary labelling rules</td>
<td>5) Effects of the co-existence of beef products labelled under the voluntary labelling system and beef products under PDO/PGI or other quality labels on the internal market</td>
<td>Analysis of legal texts Interviews with national authorities and operators National rules for implementation of voluntary labelling schemes and PDO/PGI schemes</td>
</tr>
</tbody>
</table>
9.1 Rules regarding food information to consumers according to Regulation (EU) No 1169/2011 are coherent with beef labelling rules

Regulation (EU) No. 1169/2011 on the provision of food information to consumers came into force more than ten years after Regulation (EC) No 1760/2000 was published. The main objective of Regulation (EU) No 1169/2011 is consumer protection through the provision of adequate information for consumers to make informed and safe choices. In this part of the analysis, we compare the two regulations and aim at answering the following question: “Are compulsory labelling requirements applied to beef coherent with compulsory labelling requirements for food products?”

The analysis focuses on the rules set out in the two regulations with respect to labelling requirements, and aims at assessing:

- Coherence between mandatory beef labelling requirements as well as voluntary beef labelling requirements laid down in Regulation EC No 1760/2000 (amended by Regulation EU No 653/2014) and food labelling requirements of Regulation EU No 1169/2011;
- Coherence between the two regulations with respect to labelling requirements for minced beef.

9.1.1 Indicator 1: Comparison of beef labelling rules with labelling rules for other food products

We first compared the objectives of Regulation (EU) No 1169/2011 and Regulation (EC) No 1760/2000 (in particular those related to the provision of information to consumers) through a coherence matrix to assess whether they are consistent, and to rule out any inconsistencies that may affect a subsequent analysis focused on the coherence in implementation.

For both examined regulations, the main objectives can be gauged directly from their recitals. For Regulation (EU) No 1169/2011, recitals 2 through 5, and recitals 9, 10, 13, 14 and 29 state the main objectives related to the provision of information to consumers. Moreover, recitals 31 and 32 explicitly refer to the beef Regulation in order to justify the implementation of equivalent rules for other meats, such as swine, sheep, goat and poultry, and other food products such as milk, for which an indication of origin is considered important. For Regulation (EC) No 1760/2000, recitals 4, 5, 6 and 7 establish the main objectives to be achieved through beef labelling and through an efficient system of identification and registration. The coherence matrix hereunder shows, as may be expected, full theoretical coherence between the objectives of the two regulations.

Regulation (EU) No 1169/2011 on the provision of food information to consumers is applied “without prejudice to labelling requirements provided for in specific Union provisions applicable to particular foods” (Art.1(4)).

We will hereafter examine the extent to which the two regulations are coherent from an implementation point of view through a coherence matrix of all relevant implementation rules. The analysis distinguishes between mandatory and voluntary food information, as well as different types of products.

A parallel analysis of the two legal texts largely confirms the coherence between the examined regulations in terms of implementation rules, and highlights two areas where the horizontal regulation on the provision of food information to consumers adds certain labelling particulars:

- Labels of foods packaged in certain gases (e.g. meat/beef) must include “packaged in a protective atmosphere” and labels of frozen meat and frozen meat preparations must report the date of freezing or the date of first freezing in cases where the product has been frozen more than once (Art.10/Annex III of Regulation (EU) No 1169/2011);
- Specific accompanying particulars for meat products and meat preparations, e.g. meat products consisting of pieces combined together must report “formed meat” on the label and specific definitions for minced meats: “Minced pure beef” must have fat content under 20% and collagen/meat protein ratio lower than 12% (Art.17/Annex VI of Regulation (EU) No 1169/2011).

---

98 Specific rules for the indication of the country of origin of these animals have been laid down in 2013 through Regulation (EU) No 1337/2013.
99 Other products suggested in recital 32 are meat used as an ingredient, milk used as an ingredient in dairy products, unprocessed foods, single-ingredient products, ingredients that represent more than 50% of any food product.
These required particulars introduce additional mandatory product information or definition considered as important to achieve the objectives of protecting consumer health, guaranteeing adequate information and preventing practices that may mislead the consumer.

The opinions of sector representatives collected through interviews in the case study Member States confirm the absence of inconsistencies between the two regulations with respect to requirements for both compulsory and voluntary labelling rules.

With respect to compulsory requirements, it is shared view that labelling rules for beef go further than the requirements for other products as they require full product traceability.

With respect to voluntary labelling rules, Art. 15a of Regulation (EU) No 653/2013 amending Regulation (EC) No 1760/2000 establishes that “food information other than that specified in Articles 13, 14 and 15 (i.e. mandatory labelling requirements) which is added to labels voluntarily by operators or organisations marketing beef shall be objective, verifiable by the competent authorities and comprehensible for consumers” and that “that information shall comply with the horizontal legislation on labelling and in particular Regulation (EU) No 1169/2011 of the European Parliament and of the Council.”

Most sector representatives interviewed agree that, thanks to the introduction of Regulation (EU) No 653/2013, beef voluntary labelling rules are now in line with the general food labelling rules (they were more restrictive before, as voluntary labelling used to require approval of labelling schemes by the authority and control by a third party), in that the information provided should not mislead the consumer, shall not be ambiguous or confusing and shall be based on relevant scientific data. Retailers and the meat industry are generally satisfied with the simplification of the regulation on voluntary labelling, in particular in France, the United Kingdom and Poland. In Italy, views on the simplification are divided: i) beef slaughtering companies relying on domestic supplies see the simplification of voluntary labelling rules as a way to make beef “more anonymous” and favour an increase of imports from other countries (with negative implications for Italian livestock farmers); ii) on the other hand, large beef companies and food retail chains relying more heavily on imports and less on domestic supplies see the simplification as a positive measure to cut costs.

Some sector representatives in Italy voice a further concern, saying that the fact that voluntary labelling requirements have become more generic can create situations by which different operators in the same Member State or different Member States can make the same voluntary claims but have different assurance schemes in place, simpler or more complex ones to which higher or lower costs are associated, with obvious implications for firms’ competitiveness in the market.

In the United Kingdom, there is concern that the benefits of the simplification for consumers will depend on how it is introduced and the level of compliance. Given the limited resources available to Local Authorities, there is concern that issues regarding beef labelling requirements will be given low priority.

<table>
<thead>
<tr>
<th>RULES Reg EU no. 1169/2011</th>
<th>MANDATORY FOOD INFORMATION</th>
<th>VOLUNTARY FOOD INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Basic rules</td>
<td>Minced meat</td>
</tr>
<tr>
<td></td>
<td>Art.10 - Additional mandatory particulars for specific types of food (Annex III - packaged in protective atmosphere, date of freezing for frozen meat and meat preparations)</td>
<td>Art.17 - Annex VI (Specific accompanying particulars for meat products, meat preparations and minced meat***)</td>
</tr>
<tr>
<td></td>
<td>Art.26 /Annex XI - Country of origin or place of provenance</td>
<td>Art.36: Voluntary food information: (a) shall not mislead the consumer; (b) shall not be ambiguous or confusing for the consumer; (c) shall, where appropriate, be based on the relevant scientific data.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RULES Reg EC no. 1760/2000</th>
<th>COMPULSORY LABELLING REQUIREMENTS</th>
<th>VOLUNTARY LABELLING REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reference number or code ensuring the link between the meat and the animal</td>
<td>Information added to labels voluntarily shall be objective, verifiable and comprehensible for consumers</td>
</tr>
<tr>
<td></td>
<td>MS or third country of birth</td>
<td>Voluntary information shall comply with horizontal legislation on labelling and in particular Reg. EU No 1169/2011</td>
</tr>
<tr>
<td></td>
<td>MSs or third countries where fattening took place</td>
<td></td>
</tr>
<tr>
<td></td>
<td>MS or third country where slaughter took place</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Approval number of slaughterhouse</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Approval number of cutting hall</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reference number or code ensuring the link between the meat and the animal</td>
<td>Not inconsistent (i.e. added information required by Reg. EU No 1169/2011 for specific meat products)</td>
</tr>
<tr>
<td></td>
<td>‘Prepared in MS or third country’ and ‘origin’ where the State/s involved are not the State of preparation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>MS or third country where slaughter took place</td>
<td></td>
</tr>
</tbody>
</table>

* If all three in the same country, it is possible to indicate ‘Country of origin: MS or third country’

** Not compulsory to indicate MS or third country of birth and rearing

*** ‘Minced pure beef’ is defined as containing ≤20% fat, ≤15% collagen/protein ratio

Source: COGEA analysis of regulations
### Table 46 – Coherence between beef labelling rules and labelling rules applied to food products

<table>
<thead>
<tr>
<th>RULES Reg EU no. 1169/2011</th>
<th>MANDATORY FOOD INFORMATION</th>
<th>VOLUNTARY FOOD INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Basic rules</td>
<td>Minced meat</td>
</tr>
<tr>
<td></td>
<td>Art.10 - Additional mandatory particulars for specific types of food (Annex III - packaged in protective atmosphere, date of freezing for frozen meat and meat preparations)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Art.26 /Annex XI - Country of origin or place of provenance</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RULES Reg EC no. 1760/2000</th>
<th>COMPULSORY LABELLING REQUIREMENTS</th>
<th>VOLUNTARY LABELLING REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Basic rules*</td>
<td>Minced beef**</td>
</tr>
<tr>
<td></td>
<td>• Reference number or code ensuring the link between the meat and the animal</td>
<td>Not inconsistent (i.e. added information required by Reg. EU No 1169/2011 for specific types of meat)</td>
</tr>
<tr>
<td></td>
<td>• MS or third country of birth</td>
<td>Coherent</td>
</tr>
<tr>
<td></td>
<td>• MSs or third countries where fattening took place</td>
<td>Coherent</td>
</tr>
<tr>
<td></td>
<td>• MS or third country where slaughter took place</td>
<td>Coherent</td>
</tr>
<tr>
<td></td>
<td>• Approval number of slaughterhouse</td>
<td>Coherent</td>
</tr>
<tr>
<td></td>
<td>• Approval number of cutting hall</td>
<td>Coherent</td>
</tr>
<tr>
<td></td>
<td>• ‘Prepared in MS or third country’ and ‘origin’ where the State/s involved are not the State of preparation</td>
<td>Not inconsistent (i.e. added particulars required by Reg. EU No 1169/2011 for specific meat products)</td>
</tr>
<tr>
<td></td>
<td>• MS or third country where slaughter took place</td>
<td>Coherent</td>
</tr>
<tr>
<td></td>
<td>Information added to labels voluntarily shall be objective, verifiable and comprehensible for consumers</td>
<td>Coherent</td>
</tr>
<tr>
<td></td>
<td>Voluntary information shall comply with horizontal legislation on labelling and in particular Reg. EU No 1169/2011</td>
<td>Coherent</td>
</tr>
</tbody>
</table>

* If all three in the same country, it is possible to indicate ‘Country of origin: MS or third country’
** Not compulsory to indicate MS or third country of birth and rearing
*** ‘Minced pure beef’ is defined as containing ≤20% fat, ≤15% collagen/protein ratio

Source: COGEA analysis of regulations
9.1.2 Indicator 2: Specific rules concerning minced beef

As mentioned in the previous indicator, Regulation (EU) No 1169/2011 lays down specific requirements for minced meat (Annex VI), defining “minced pure beef” as having fat content under 20% and collagen/meat protein ratio lower than 15%.(Originally part of Directive 94/65/EC)

This definition specifies the intrinsic characteristics of minced beef required to label it as “minced pure beef”, it does not relay any information about product traceability or origin. As such, the specific requirements are not inconsistent with the labelling rules established by Regulation (EC) No 1760/2000.

It is interesting to report the views of the sector representatives interviewed in the case study Member States.

In France, the same composition of minced beef in terms of fat content and collagen/protein ratio established by Regulation EU no. 1169/2011 was already applied as “Code of practice”, therefore it is shared opinion that the horizontal regulation has had no impact.

On the other hand, the United Kingdom and Ireland have voiced what they call “a long standing concern” that EU rules are overly influenced by the French culinary culture that regards minced beef as a product that is eaten raw, whilst within the Anglo/Irish culinary culture, minced beef is primarily a staple ingredient of many cooked national dishes. Because of its use as a cooked product, some of the EU requirements are regarded in the United Kingdom and Ireland as overly restrictive and unnecessary. The new specifications also contribute to increasing the cost of what is considered a “staple” protein. In Ireland, one processor stated that 9 out of 10 of their previous mince-meat products were failing the specifications on connective tissue.

Italy and Spain did not report any particular problems with the specifications for “minced pure beef”.

In Poland, the more restrictive requirements for the definition of “minced pure beef” have resulted, according to the processing industry, in a decrease in the number of suppliers.

MAIN FINDINGS IN SUB QUESTION 1 – Coherence with horizontal Regulation (EU) No 1169/2011 regarding the provision of food information to consumers

The analysis leads to conclude that Regulation (EC) No 1760/2000 and Regulation (EU) No 1169/2011 regarding the provision of food information to consumers are coherent both in terms of objectives and implementation rules. However, the horizontal regulation adds certain labelling particulars not specifically considered for beef in Regulation (EC) no. 1760/2000: labelling of meat “packaged in a protective atmosphere” and the date of freezing or first freezing; specific particulars for meat products and preparations and definitions for minced meat. These particulars introduce additional mandatory product information deemed as important to achieve the objectives of protecting consumer health and guaranteeing adequate information.

The opinions of sector representatives collected through interviews in the case study Member States confirm the absence of inconsistencies between the two regulations with respect to the requirements for both compulsory and voluntary labelling rules (Indicator 1).

Regulation (EU) No 1169/2011 lays down specific requirements for minced meat, defining “minced pure beef” as having fat content under 20% and collagen/meat protein ratio lower than 15% (Annex VI). This definition specifies the intrinsic characteristics of minced beef required to label it as “minced pure beef”, it does not relay any information about product traceability or origin. As such, the specific requirements are not inconsistent with labelling rules established by Regulation (EC) No 1760/2000 (Indicator 2).

9.2 Rules regarding the indication of the country of origin for swine, goat, sheep and poultry meats are coherent with rules regarding the same indication for beef

Regulation (EU) No 1337/2013 lays down the rules for the implementation of Regulation (EU) No 1169/2011 regarding the indication of the “country of origin” or “place of provenance” for fresh, chilled and frozen meat of swine, sheep, goats and poultry.

This part of the evaluation question aims at assessing the coherence of the requirements of Regulation (EU) no. 1337/2013 for indication of origin or provenance of swine, sheep, goat and poultry meat with the requirements of Regulation (EC) no. 1760/2000 for the indication of origin of beef.
9.2.1 Indicator 3: Comparison of beef labelling rules with labelling rules for swine, goat, sheep and poultry meat

Regulation (EU) no. 1337/2013 abides by the objectives of Regulation (EU) no. 1169/2011, since it lays down its implementation rules. The previous analysis established a high level of coherence between Regulation (EC) No. 1760/2000 and the horizontal regulation, hence we can also assume coherence with Regulation (EU) No. 1337/2013.

Nonetheless, some elements emerge from an examination of the recitals of Regulation (EU) No. 1337/2013, which need to be considered in the present analysis. Granted that Art. 26(2) of Regulation (EU) No 1169/2011 sets out the obligation to indicate the "country of origin" or "place of provenance" on the label of fresh, chilled and frozen meat of swine, sheep or goats and poultry, the recitals of Regulation (EU) No. 1337/2013 highlight situations in which it may be difficult to indicate "country of origin":

- Recital 2 states that "A balance needs to be struck between the need of the consumers to be informed and the additional cost for operators and national authorities..." and that "consumers require foremost the information on the place where the animal was reared" and, again, that mandatory information on the place of birth would require new traceability systems with associated costs, whereas indication of place of slaughter can be done "at an affordable cost and gives valuable information to the consumer".

- Provided that the concept of 'country of origin' for animal products refers to the country in which the animal was born, reared and slaughtered, Recital 3 recognises that (i.e. for swine, sheep, goat and poultry meat) situations in which several countries have been involved in the production (i.e. the meat comes from animals which were born, reared and slaughtered in different countries) is common. In such situations "it is necessary to provide for an indication, on the label, of the Member State or third country where the animal has been reared for a period representing a substantial part of the normal cycle of rearing for each species, as well as of the Member State or third country where it has been slaughtered." Whereas, "the term 'origin' should be reserved for meat obtained from animals born, reared and slaughtered, and therefore wholly obtained, in one single Member State or third country."

- In any case, the labelling system should require "traceability rules at all stages of production and distribution of the meat, from slaughtering until packaging to ensure the link between the labelled meat and the animal or group of animals from which that meat has been obtained” (Recital 6).

- Also "As regards minced meat and trimmings, given the characteristics of their production processes, operators should be allowed to make use of a simplified system of indications." (Recital 8).

The implementation rules for swine, sheep, goat and poultry meat (i.e. compulsory labelling) are laid out consistently with what is expressed in the recitals:

- Similarly to beef labelling, “country of origin” may be indicated on the product label when meat is from an animal born, raised and slaughtered in the same country (Article 5 of Reg. no. 1337/2013).

- Regarding traceability, operators must use systems of identification and registration at each stage of production to ensure product traceability for meat of swine, sheep, goat and poultry (Article 3). However, differently from beef labelling, there is no requirement for a reference number or code on the label of meat products, nor for approval numbers of slaughterhouses and cutting halls.

- There is no obligation to indicate the country of birth (Member State or third country) for meat of swine, sheep, goat and poultry (Article 5), but only the country where the animal was reared, based on specific criteria for each species regarding the length of the rearing period and age and weight at slaughter.

- As for beef labelling, it is required to indicate on the label the country where the animal was slaughtered.

- The labelling requirements of Regulation (EU) no. 1337/2013 for minced meat from swine, sheep, goat and poultry are different from the requirements laid out by Regulation (EC) no. 1760/2000 for minced beef. For the latter, it is required to indicate the Member State or third country where the animal is slaughtered and where the meat is prepared, whereas for the former the requirement is less specific and "EU/non-EU" can be indicated as the meat origin.
The requirements for voluntary labelling are the same for beef and other meat types as both the regulations examined require compliance with the rules laid out in Regulation (EU) no. 1169/2011.

A comparative analysis of the legal texts therefore suggests, that with respect to compulsory labelling requirements, the rules applied to beef and to other meat types are not the same but they do not contradict each other. The term “origin” can only be used for meat from animals born, reared and slaughtered in the same Member State. However, country of birth is mandatory for beef, but voluntary for other types of meat.

A lack of consistency between labelling rules applied to beef and rules applied to other meat types was indeed highlighted by the European Parliament in a resolution\textsuperscript{100} adopted in 2014. On the basis of considerations regarding the importance of full traceability for meats according to the objectives of Regulation (EU) No 1169/2011, the Parliament concluded that the Commission implementing regulation exceeded the implementing powers conferred on the Commission under Regulation (EU) No 1169/2011 and called on the Commission to draw up a revised version of the implementing regulation, in order to apply to the foods in question exactly the same rules as are applied to beef: indications of place of birth, rearing and slaughter and exclude any derogation for minced meat and trimmings.

The Commission replied by recommending that the Parliament’s resolution should not be adopted on the basis of the following grounds:

- Imposing the mandatory indication of place of birth for swine, sheep, goats and poultry would create disproportionate costs for livestock farmers, meat producers and national administrations (based on cost estimates produced by independent impact assessment);
- “The exemption for minced meat provided for in the adopted Implementing Regulation is justified by the nature of the product and the associated production system, which uses [beef] from a variety of origins much more frequently than other types of meat.”
- “The Commission's proposal [for the Implementing Regulation] was adopted by the Standing Committee on the Food Chain and Animal Health by a qualified majority of 23 Member States”.

Based on the Commission’s reply to the European Parliament, the different compulsory labelling requirements for swine, sheep/goat and poultry meat in terms of product origin appear to be mostly justified by the different production systems and different technical constraints. The mandatory labelling of the country of birth would require additional EU legislation on animal identification and thus generate additional costs for the production sectors and for national authorities.

This analysis is complemented by information collected through interviews with beef industry and other sector stakeholders, providing some further insights, opinions and concerns, as synthesised in the table below.

Table 47 – Opinion of stakeholders regarding coherence between beef labelling rules and labelling rules for swine, goat, sheep and poultry meat

| Germany | Most sector stakeholders would like the beef labelling provisions to be the same as for other meats, especially because it is costly and consumers do not understand the complete meaning of the labels. Consumer associations are of the opposite opinion and they would prefer other meat labelling provisions to be the same as those used for beef. VZBZ fears that the labelling of origin applied to swine, sheep, goat and poultry meat may mislead consumers, as they do not know that the country where fattening and slaughtering take place is not necessarily the country of birth (i.e. country of origin). A problem remains with regard to the labelling of minced meat made with pork and beef. When minced beef is mixed with over 55% pork, the product must comply with regulations on pork labelling\textsuperscript{101}. It sometimes is difficult to know which rules apply to each case. Moreover, there is a specific German problem with the translation of the term ‘origin’, which is \textit{Ursprung} for pork in the regulation for other meats, whereas it is \textit{Herkunft} in the beef regulation. It is therefore complicated to label mixed minced meat made with pork and beef. |


\textsuperscript{101} German legal interpretation of regulatory provisions according to Regulation (EC) No 1760/2000, Regulation (EU) No 1337/2013 and the Combined Nomenclature regarding the definition of minced meat.
<table>
<thead>
<tr>
<th>Country</th>
<th>Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>The main inconsistency is that for beef it is required to indicate the &quot;country of birth&quot; on the label, whereas there is no such obligation for the other species. In other words, there is a requirement to indicate the &quot;origin&quot; of beef, but for other species &quot;country of provenance&quot; is considered as sufficient information. According to interviewees, the other inconsistencies between the two regulations are: - lack of similar provisions for other meats that is sold in Italy (i.e. equine and rabbits); - uncertainty on which labelling rules apply in case of mixed meat products (e.g. beef and pork mince); - inconsistency relating to the country where the animal is raised (e.g. a pig &gt;6 months reared in Italy for four months can be labelled as 'Reared in Italy', for beef raised in Italy for 6-7 months it is necessary to indicate all other countries where the rearing took place). Large size beef processing businesses, however, are of the opinion that for minced meat the &quot;EU / non-EU&quot; origin is optimal and should be extended to beef.</td>
</tr>
<tr>
<td>Italy</td>
<td>There is a divergence of opinion between sector representatives and the consumer association: - Economic operators (from production to retail) agree to say that indicating the national origin (i.e. as for beef) is meaningless as production systems within the EU are submitted to the same requirements in terms of food safety. Moreover, they consider that it is costly and as a result, not consistent with the objective of supporting demand as it generates a price increase. - Consumer associations consider that the indication of national origin is useful information for consumers. - Retailers consider that the regulation has to be modified for minced meat, as mixed mince meats are commonly used. In Spain, most of the sales of minced meat are made &quot;on demand&quot; (i.e. the meat is commonly used. In Spain, most of the sales of minced meat are made &quot;on demand&quot; (i.e. the meat is directly minced by butchers when the customer asks) or under the form of “minced meat preparation” (e.g. minced meat prepared with oil or spices), which is not submitted to the same requirements.</td>
</tr>
<tr>
<td>Spain</td>
<td>Overall, the view is that for ease of understanding, operation and control, labelling rules should be consistent across meat sectors. However, the beef regulation was introduced to deal with a health/safety issue, whilst that proposed for pigs, sheep and poultry are to meet consumer desires for origin traceability. The consumer association believes that it is important for simplicity that there should be consistency about what is required for each species, and that, given that today BSE is not a threat any longer, the requirements for beef should be revised to match what is now proposed for the other meats. From interviews with trade bodies and the industry, it is clear that, in the future, they would prefer all labelling requirements to be under a unified regulation rather than having a separate regulation for beef. For minced meat the concern is that &quot;EU/non-EU&quot; is not sufficient, as most British consumers would prefer to see a label that identified national origin/origins.</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>The industry and food retailers are of the opinion that the indication of country of origin or place of provenance for fresh, chilled and frozen meat of swine, sheep, goat and poultry is at odds with the beef regulations. The legislation for other meats is not as stringent as it is for beef and has got the following implications: - Pigs and sheep do not require individual identification (ID) tags although some countries have set-up ID systems; - Costs of compliance may result to be quite different: countries that have implemented very good traceability systems will be commercially disadvantaged compared to countries that have only implemented rudimentary systems at a lower cost (e.g. individual sheep electronic identification (EID) vs. flock EID systems). Beef is disadvantaged price wise as the specifications are more stringent; - Consumers might be confused and misled as they believe that the new regulations have the same rules as those for compulsory beef labelling.</td>
</tr>
<tr>
<td>Ireland</td>
<td>According to retailers, Regulation (EC) No 1760/2000 and Regulation (EU) No 1337/2013 on beef and other meat as well as on minced meat are inconsistent and, as a consequence, problems with correct supervision arise. The consumer association does not have a specific opinion other than saying that consumers usually support a more stringent labelling of products. Meat plants find the new regulation on pork, lamb and poultry as an additional financial burden in the production process (i.e. added costs) and consider it difficult to implement.</td>
</tr>
<tr>
<td>Poland</td>
<td>Opinions of sector representatives are divided: - The consumer association does not find it rational that the regulation on other species is less strict than for beef. They call for increased transparency on the other species and on processed products as well. - Retailers find the new regulation on pork, lamb and poultry very complicated to implement. - One meat company finds the regulation on pork, lamb and poultry much simpler than the beef regulation and is glad that the Commission took the FNICGV point of view into consideration. Another meat company dealing only with beef and veal finds this regulation unfair for beef. There were very few comments on the labelling of origin for minced meat, as the French market only consumes pure minced beef. However, for minced meat of swine, sheep, goat and poultry, the consumer association would have preferred country labelling rather than &quot;EU / non-EU&quot; origin.</td>
</tr>
</tbody>
</table>
MAIN FINDINGS IN SUB QUESTION 2 – Coherence with Regulation (EU) No 1337/2013 regarding the indication of the country of origin for meats of swine, sheep, goats and poultry

The analysis leads the evaluators to conclude that the two legal texts examined do not lack coherence with respect to compulsory labelling requirements, as the rules provided are different in some respects but do not contradict each other (Indicator 3). Labelling rules for beef and for other meat types are clearly not homogeneous in the type of information provided to the consumer. The less stringent requirements for swine, sheep, goat and poultry meats are based on the underlying traceability rules for live animals and appear to be justified by reason of their different production systems and technical constraints that would generate high costs if individual traceability of non-bovine animals were to be introduced.

Information collected through interviews with beef sector stakeholders provided further insight. Overall, the view of stakeholders is that labelling rules should be consistent across meat sectors. However, opinions are divided. Some stakeholders, and in particular the consumer associations, think that the more restrictive requirements applied to beef should also apply to other meat types. It could be argued that the disparity of information provided through meat product labels may generate distortions in market competition. However, this would clearly depend on consumer preferences and expectations. Other stakeholders, in particular meat processing industry representatives, are of the opinion that less restrictive rules could now be applied to beef, especially given that BSE no longer represents a threat. Some interviewees also raised concerns related to competitiveness, in the sense that beef could be at a price disadvantage compared to other meat types on the market, due to more stringent and therefore more costly labelling requirements.

9.3 Sales descriptions and registration of bovine animals aged less than twelve months comply with rules about labelling of beef

This part of the evaluation question focuses on assessing the coherence between Regulation (EU) No 1760/2000 and Regulation (EU) No 1308/2013 (single CMO), which provides compulsory definitions, designations and sales descriptions for bovine meat from animals aged less than 12 months. Specifically, the aim is to assess the coherence between the rules established by Regulation (EU) No 1308/2013 for the identification of bovine animals aged less than 12 months and for meat labelling, and those established by Regulation (EU) No 1760/2000.

9.3.1 Indicator 4: Comparison of beef labelling rules with labelling rules for meat of bovine animals aged less than 12 months

Article 78a and Annex VII – Part I of Regulation (EU) No 1308/2013 (single CMO) establish:

- The classification of bovine animals aged less than 12 months at slaughterhouse;
- The sales descriptions to be used to market the meat of bovine animals aged less than 12 months;
- The compulsory indications on the label of meat of bovine animals aged less than 12 months;
- The rules to record information (i.e. essentially to establish traceability).

The information required to appear on the label of meat of bovine animals aged less than 12 months is established without prejudice to Articles 13, 14 and 15 of Regulation (EU) No 1760/2000. This makes the two regulations coherent with respect to labelling requirements.

Specifications have been added to the class “veal” (<8 months) and “beef” (8-12 months) simply to inform that the meat is produced from younger bovine animals (under 12 months) and, as such, they do not represent an element of incoherence.

Concerning the rules for identification and recording of information, the previous “Evaluation of the market implications of veal and young cattle meat marketing standards”\textsuperscript{102} established that Regulation (EC) No 1760/2000 is coherent with Regulation (EU) No 1308/2013, as both support adequate identification and traceability of beef along the supply chain.

\textsuperscript{102} Financed by the European Commission and carried out by AND International (2014).

The analysis leads to conclude that the two regulations are coherent with respect to labelling requirements. Specific classification requirements and sales descriptions are simply added information for the consumer to identify meat from younger bovine animal.

In terms of identification rules and recording of information, the previous “Evaluation of the market implications of veal and young cattle meat marketing standards” had already established coherence between the two regulations, as both support adequate identification and traceability of beef along the supply chain (Indicator 4).

9.4 Quality schemes and other quality labelling rules are coherent with beef voluntary labelling rules

This part of the evaluation question aims at assessing the coherence between EU beef labelling rules with EU quality schemes applied under Regulation EU No 1151/2012, in particular regarding the co-existence on the internal market for beef products with PDO/PGI indications and other beef products labelled under the voluntary labelling system.

9.4.1 Indicator 5: Effects of the co-existence on the internal market of beef products labelled under voluntary systems and beef products under PDO/PGI or other quality labels

The first step of the analysis consists of comparing the objectives of Regulation (EC) No 1760/2000 and Regulation (EU) No. 1151/2012 to assess whether they are coherent. Recital 18 of Regulation (EU) No 1151/2012 effectively summarises the specific objectives of protecting designations of origin and geographical indications as “securing a fair return for farmers and producers for the qualities and characteristics of a given product, or of its mode of production, and providing clear information on products with specific characteristics linked to geographical origin, thereby enabling consumers to make more informed purchasing choices”.

The objectives of Regulation (EC) No 1760/2000 (as previously laid out in table 45) and those of Regulation (EU) No 1151/2012 appear to be coherent with respect to the provision of adequate information to the consumer in relation to product origin.

A distinction though needs to be made between “qualities” and other characteristics of a given product. In this respect, Regulation (EU) No 1151/2012 establishes the rules to be applied to agricultural products with “value-adding characteristics or value-adding attributes as a result of the farming or processing methods used in their production, or of the place of their production or marketing.” (Art.1). On the other hand, Regulation (EC) No 1760/2000 lays out the rules to be applied for the (voluntary) provision of additional product information, which may or may not describe an added quality of the product in question. In this sense, some of the objectives of the two Regulations in scope have no reciprocal relevance, but they cannot be said to be inconsistent.

From an implementation point of view though, the co-existence in the market of different types of labels and logos (i.e. PDO/PGI on the one hand and voluntary beef labels on the other) providing similar information, for example about origin (or breed or production techniques) may create confusion for the consumer.

In the table below, we examine, for the case study Member States, the rules applied to beef products labelling, the possible overlapping of similar information provided by different types of label (PDO/PGI and voluntary labels) and, in general, the opinions of interviewed stakeholders in this regard.
Table 48 – Opinion of stakeholders regarding the co-existence on the internal market of beef products labelled under voluntary systems and beef products under PDO/PGI or other quality labels

<table>
<thead>
<tr>
<th>Country</th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>Two products are concerned: PDO “Weideochse vom Limpurger Rind” and PGI “Bayerisches Rindfleisch - Rindfleisch aus Bayern’. Labelling poses no particular problems for these two labels as their product specifications imply they adhere to the “4D beef” scheme (i.e. compulsory labelling). In Germany, it is possible to use PDO/PGI and beef voluntary labelling together (for example, the type of animal is the most widespread additional voluntary specification communicated to the consumer). According to interviewees, the presence of two different types of information on a product does not generate confusion for the consumer. Germany implements an additional quality scheme, the &quot;QZ-Qualität Sicherung” that can be applied to beef products. The QZ scheme falls outside the scope of beef voluntary labelling as it certifies the whole supply chain and not only a product. Beef under voluntary labelling schemes can therefore be QS and labelled so. A priori, all three labels (PDO/PGI, QZ and voluntary) can appear on the same beef product.</td>
</tr>
<tr>
<td>France</td>
<td>PDO/PGI and voluntary beef labelling schemes can be used together in France and the “VBF-Viande Bovine Française” logo is also used to underline the compulsory beef labelling information. Therefore, it is possible for different types of information and logos to appear on the same beef product, with the risk of creating confusion for consumers. According to collected views and opinions of sector representatives, French consumers generally recognise and understand quite well PDO/PGI labels because they are used to them, however it is not clear whether overlapping label information creates any confusion.</td>
</tr>
<tr>
<td>Italy</td>
<td>Art. 3(7) of Ministerial Decree 876 of 16/01/2015 establishes that beef voluntary labelling schemes cannot be applied to beef labelled according to Regulation (EC) No 1151/2012 (PDO/PGI/TSG), Regulation (EC) No 1974/2006 (National quality systems) and Regulation (EC) No 837/2007 (organic agriculture). This choice is motivated by a decision of the Ministry of Agriculture to make a distinction between &quot;quality&quot; and &quot;additional product information&quot; (e.g. about production techniques) provided to the consumer as in beef voluntary labelling (which may or may not affect the product intrinsic quality) and to avoid confusion for consumers that may be generated by too much information on beef labels. Before this Ministerial Decree was published, it was in theory possible to apply both the PGI/PDO and a voluntary labelling scheme in Italy, but in practice this did not occur because the Ministry did not allow it. Double labelling would also generate extra costs for controls and certification.</td>
</tr>
<tr>
<td>Spain</td>
<td>According to interviews, the Spanish quality meat sector is divided into two subsystems: voluntary labels (55 of which have a ‘regional’ basis) and PGI Is. PGI Is can locally have a reputation and satisfy local demand, which is a priori higher than most of the regional labels under voluntary labelling schemes. For consumer representatives, PGI Is are quite well identified by consumers and there is no confusion with regional labels (as they usually do not operate on the same territory). Nevertheless, they fear that the regulatory changes established by Regulation (EU) No 653/2013 for voluntary labelling could lead to confusion if regional labels were to multiply.</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>British consumers do not understand or are not interested in the detail of the PDO/PGI labels, only in the simple message about origin.</td>
</tr>
<tr>
<td>Ireland</td>
<td>In Ireland there are no PDO or PGI beef products.</td>
</tr>
<tr>
<td>Poland</td>
<td>In Poland there are no voluntary labelling schemes and no PDO/PGI labels registered for beef.</td>
</tr>
</tbody>
</table>

Generally speaking, the findings suggest that the co-existence of PDO/PGI quality labels and voluntary beef labels in the market does not generate confusion for consumers in Germany, Spain, the United Kingdom and probably France. In the opinion of the sector representatives of these Member States, consumers are familiar enough with PDO/PGI beef labels not to mix different types of information. In Italy, on the other hand, even though only one PGI beef product is on the market, voluntary labels are kept separate from the PGI beef label and other quality labels for fear of ingenerating confusion for consumers. The last part of the analysis considers the coherence between origin specifications (i.e. requirement to specify place of birth) of PDO/PGI beef products registered before 2000 and the origin labelling requirements set out by Regulation (EC) No 1760/2000.

The EC DOOR database provides information about product origin specifications declared by the producer/consortium at the time of the application, as reported in the table below.
### Table 49 – Origin specifications required for PDO/PGI beef registered before 2000 in case study Member States

<table>
<thead>
<tr>
<th>Designation</th>
<th>PDO/PGI</th>
<th>Born in the IG area or MS</th>
<th>Origin specifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>GB Orkney Beef</td>
<td>PDO</td>
<td>Yes</td>
<td>Place of birth is specified</td>
</tr>
<tr>
<td>FR Bœuf du Maine</td>
<td>PGI</td>
<td>No</td>
<td>No specific breed. Animals must be reared at least one year in the designated area</td>
</tr>
<tr>
<td>FR Bœuf charolais de Bourbonnais</td>
<td>PGI</td>
<td>Yes</td>
<td>Born in the breeding farm</td>
</tr>
<tr>
<td>ES Carne de Morucha de Salamanca</td>
<td>PGI</td>
<td>Yes</td>
<td>Born in a certified farm in the production area</td>
</tr>
<tr>
<td>ES Carne de Avila</td>
<td>PGI</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>ES Ternera Gallega</td>
<td>PGI</td>
<td>Yes</td>
<td>Calves born, reared and slaughtered in Galicia and derived from stock which is at least 50 % native</td>
</tr>
<tr>
<td>IT Vitellone Bianco dell’ Appennino Centrale</td>
<td>PGI</td>
<td>Yes</td>
<td>Place of birth is specified</td>
</tr>
<tr>
<td>FR Veau du Limousin</td>
<td>PGI</td>
<td>Yes</td>
<td>Born on the breeding farm</td>
</tr>
<tr>
<td>GB Scotch beef</td>
<td>PGI</td>
<td>No</td>
<td>Cattle finished in Scotland, slaughtered and dressed in abattoirs located in Scotland</td>
</tr>
<tr>
<td>FR Bœuf de Chalosse</td>
<td>PGI</td>
<td>Yes</td>
<td>Born in the designated area</td>
</tr>
<tr>
<td>FR Veaux d’Aveyron et du Ségala</td>
<td>PGI</td>
<td>Yes</td>
<td>Born in the designated area</td>
</tr>
</tbody>
</table>

Source: DOOR

The table shows, for each product registered before 2000, the requirement to indicate place of birth, highlighting two cases in which cattle’s place of birth is not specifically requested: Bœuf du Maine PGI and Scotch Beef PGI. Even though these two beef products must comply with compulsory labelling requirements established by Regulation (EC) No 1760/2000, this discrepancy appears to be an element of inconsistency. However, a subsequent check of the up-to-date production protocols for these products shows that, post 2000, the requirements to indicate the place of birth / origin have been adapted:

- Scotch Beef PGI “is derived from cattle born, reared for the entirety of their lives, slaughtered and dressed in the designated geographical area.”
- Bœuf du Maine PGI: Animals must be born in France and all cattle are permanently identified in accordance with the regulations in force.

We can therefore conclude that there is no lack of coherence between the two examined regulations with respect to indication of origin.

---

**MAIN FINDINGS IN SUB QUESTION 4 – Coherence with Regulation (EU) No 1151/2012 of the European Parliament and of the Council on quality schemes for agricultural products and foodstuffs, in particular regarding the co-existence on the internal market for beef products with PDO/PGI indications and other beef products labelled under the voluntary labelling system.**

The analysis suggests that, although there is no evidence as such of lack of coherence between Regulation (EC) No 1760/2000 and Regulation (EU) No 1151/2012, a risk to generate confusion (perhaps for less knowledgeable consumers) due to overlapping information and different logos on beef products may arise. However, this is formally recognised only in Italy. (Indicator 5).
### 9.5 Evaluation Judgement

Evaluation question 5 aims to assess the coherence of Regulation (EC) No. 1760/2000 with other relevant EU policy measures, notably:

- Regulation (EU) No 1311/2013 of the European Parliament and of the Council on quality schemes for agricultural products and foodstuffs, in particular regarding the coexistence on the internal market for beef products with PDO/PGI indications and other beef products labelled under the voluntary labelling system.

To answer this evaluation question, we have carried out a comparative analysis of the legal texts concerned, constructing coherence matrices where possible, and a critical analysis of the information collected through interviews with sector representatives in the case study Member States.

1) Coherence with Regulation (EU) No 1169/2011 on food information to consumers

The analysis confirms that there is coherence between the examined regulations in terms of objectives and of implementation rules. However, the horizontal Regulation on the provision of food information to consumers adds certain labelling requirements beyond those specific to beef (in Regulation (EC) no. 1760/2000): labelling of meat "packaged in a protective atmosphere" and the date of freezing or first freezing; specific provisions for meat and meat products and definitions for minced meat. These provisions introduce additional mandatory product information and definitions aimed at protecting consumer health and guaranteeing adequate provision of information to consumers.

The opinions of sector representatives collected through the interviews in the case study Member States confirm the absence of inconsistencies between the two regulations with respect to the requirements for both compulsory and voluntary labelling rules. However, stakeholders agree that the compulsory labelling rules for beef go beyond the rules which apply generally to food products and establish full product traceability. Most sector representatives interviewed agree that, due to the introduction of Regulation EU No 653/2013, the voluntary labelling rules for beef are now in line with the general food labelling rules (they were more restrictive before, as voluntary labelling used to require approval of schemes/production protocols by the legal authority and control by a third party).

2) Coherence with Regulation (EU) No 1337/2013 with regard to the indication of the country of origin or place of provenance for fresh, chilled and frozen meat of swine, sheep, goats and poultry

Based on the comparative analysis of the two legal texts, the evaluation finds that the two regulations examined do not lack coherence with respect to the indication of "origin". This term is used where meat has been obtained from animals born, reared and slaughtered in a single Member State. The rules do not contradict each other. However, labelling rules for beef and for other types of meat are clearly not homogeneous as regards the mandatory information provided to the consumer: for meat from swine, sheep, goats and poultry the place of rearing and slaughter are mandatory. If in addition the place of birth is indicated on the label and the animal is born, reared and slaughtered in the same Member State or third country, the term "origin" is used in the same way as for beef.

Based on the EC’s reply to a 2014 resolution of the European Parliament in which the coherence between the labelling rules for beef and other meat types was called into question, the less stringent requirements for swine, sheep, goat and poultry meat are justified by the different underlying rules on animal traceability that result from different production systems and technical constraints. This would generate higher costs if individual traceability requirements were to be introduced for non-bovine animals.
Information collected through interviews with beef sector stakeholders provided further insight. Overall, the view of stakeholders is that for ease of understanding, operation and control, labelling rules should be consistent across the meat sectors. However, opinions are divided. Some stakeholders, and in particular consumer associations, think that the more restrictive requirements applied to beef should also apply to other meat types. It could be argued that the disparity of information provided through meat product labels may generate distortions in market competition. However, this would clearly depend on consumer preferences and expectations.

Other stakeholders, in particular meat processing industry representatives, are of the opinion that less restrictive rules could now be applied to beef, especially given that BSE no longer represents a threat. Some interviewees also raised concerns related to competitiveness i.e. that beef could be at a price disadvantage compared to other meat types on the market, due to more stringent and therefore more costly, traceability and labelling requirements.

3) Coherence with Regulation (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products

The analysis indicates that the two regulations are coherent with respect to labelling requirements. Indeed, the information which must be included on labels for meat from bovine animals aged less than 12 months is established without prejudice to Articles 13, 14 and 15 of Regulation (EU) No. 1760/2000. The added specifications in terms of classification and sales description for “veal” (<8 months) and “beef” (8-12 months) inform the consumer that the meat is produced from younger bovine animals (< 12 months) and, as such, they represent additional, rather than incoherent information.

Furthermore, concerning the rules for identification and recording of information, the previous “Evaluation of the market implications of veal and young cattle meat marketing standards” established that Regulation (EC) No 1760/2000 is coherent with Regulation (EU) No 1308/2013, as both support adequate identification and traceability of beef along the supply chain.

4) Coherence with EU quality schemes applied under Council Regulation (EU) No 1151/2012

The objectives of the two regulations are clearly coherent with respect to the provision of adequate information to the consumer in relation to product origin. Other objectives have no reciprocal relevance, but they cannot be said to be inconsistent. This is because Regulation (EU) No 1151/2012 focuses on “qualities” and the rules to be applied to agricultural products with “value-adding characteristics” or “value-adding attributes”, whereas Regulation (EC) No 1760/2000 lays out the rules for the (voluntary) provision of additional product information, which may or may not describe an added quality of a product. In terms of the implications of the co-existence of different types of labels and logos in the market (i.e. PDO/PGI on the one hand and voluntary beef labels on the other) providing similar information, for example about origin or breed or production techniques, the evidence available suggests that, on the whole, this should not create a problem of consumer confusion, at least in Germany, Spain, the United Kingdom and in France. On the other hand, the possible risk of confusion is recognised in Italy, where ad hoc legislation is designed to keep the use of different types of labelling separate.
10 Theme 5 – Relevance: Evaluation Question 6

EQ6: To what extent have the EU beef origin labelling rules been adequate to match the current needs of the actors in the beef and veal supply chain and those for the consumers?

Definition of the key terms

EU beef origin labelling rules refer to the requirements of Regulation (EC) No 1760/2000: compulsory and voluntary labelling systems, control system and special provisions for the labelling of beef imported from third countries.

The beef supply and distribution chain encompasses farmers, slaughterhouses, cutting plants, the processing industry, importers/wholesalers and retailers.

The current needs of the actors in the beef and veal supply chain:

Regulation (EC) 1760/2000 was adopted in response to the instability of the beef market generated by the first BSE crisis in 1996. The main expected effect of the labelling rules was initially (during the post BSE crisis period) the restoration of the demand for beef and thus, bovine meat prices, in order to enable economic operators within the beef and veal supply chain to return to their previous level of activity. The general objectives of the regulation (which is still in force at the present time), are more generally to maintain and strengthen consumer confidence in beef, reinforce the stability of the beef market and protect human and animal health.

From upstream to downstream, the needs of the players in the beef and veal supply chain from the implementation of the Regulation can be defined as follows:

- For breeders: an increase in the value of their products and, as a consequence, an increase in their income;
- For meat companies: an increase in their sales (in terms of quantity of meat or processed meat sold and prices) and at the same time, a limited impact of the implementation of the labelling rules on their costs;
- For retailers: an increase in consumer demand and at the same time, a limited impact of the implementation of the labelling rules on their costs.

The current needs of consumers:

One of the general objectives of Regulation (EC) 1760/2000 is to maintain and strengthen consumer confidence in beef.

After the first BSE crisis, the level of consumer confidence in bovine meat decreased sharply, and as a consequence, demand remained at a low level. The Regulation was therefore intended to strengthen consumer confidence by reinforcing the level of guarantee and information regarding the origin of the meat.

Consumers’ current needs can be defined as follows: they need to find products that correspond to their expectations in terms of traceability, provenance, quality and price.

The question will in particular analyse to which extent the identification of origin is a determinant of consumer confidence in beef.

Understanding of the question

The evaluation question on relevance aims at analysing the level of correspondence between the regulation and the needs identified for stakeholders along the supply chain (from producers to retailers) and for consumers.

The answer to this question will draw heavily on answers to evaluation question 1 on the impact of beef labelling on the market (quantity and prices of meat) and question 2 on the additional costs of production along the beef supply and distribution chains. As regards consumer needs, the answer will be based on the results of evaluation question n° 3 on the impact of the Regulation on consumer perception. When relevant, results for compulsory and voluntary labelling will be distinguished.
The question will be reformulated as follows, considering the different types of players in the chain:

**Did the application of the EU beef origin labelling rules...**

1. **...allow breeders to increase their level of income?** As the most expected impact of labelling is on demand stimulation and, as a consequence, on price increases for farmers, the answer to this sub-question will mainly be based on the answer to evaluation question n° 1 on the effect of the EU origin labelling rules on the prices of bovine animals at the farm stage. National FADN results are used to describe the evolution of income for specialised farms.

2. **...allow stakeholders of the supply chain (meat companies: slaughterhouses, cutting houses, processors ...) to increase their level of activity with limited additional costs?** The answer to EQ 1 on both quantity of beef production and trade will be used. The results of EQ2 on the economic performance of meat operators as well as the evaluation of additional costs generated by the implementation will also feed the analysis.

3. **...allow the demand to strengthen while generating limited costs at the retail stage?** This analysis will rely on the results of EQ1 on the evolution of demand, as well as on retailers’ opinions collected in the national case studies.

4. **...allow consumers to find products that correspond with their expectations in terms of traceability (origin), quality and price?** The answering of this sub-question will be mainly based on EQ3 on consumer perceptions and more specifically on the focus groups results: what is the level of confidence and trust of consumers for beef products? What are the drivers for purchase decisions and does the labelling system (compulsory and voluntary) have an impact on consumer choices? More specifically, does the information on origin provided by the labelling correspond to a proven consumer expectation? How have prices evolved at the retail stage?

**Judgement criteria and indicators**

The table below presents the criteria for judgment and the corresponding indicators and sources.
### Table 50 – Judgment criteria and indicators for Evaluation Question 6

<table>
<thead>
<tr>
<th>Sub-questions Did the EU beef labelling rules allow breeders to increase their level of income?</th>
<th>Judgement Criteria</th>
<th>Indicators</th>
<th>Sources</th>
<th>Limits</th>
</tr>
</thead>
</table>
| ...allow breeders to increase their level of income? | Bovine breeders’ income increased. | 1) Evolution of income of specialised farms at national level  
2) Evolution of prices of bovine animals at farm stage | FADN: Average results for specialised farms at national level (Ind.1)  
Results of EQ1 (Ind. 2) | Limits linked to FADN data (2 different series on the whole evaluation period, last available year is 2012)  
See EQ1 |
| ...allow stakeholders (meat companies) along the supply chain to increase their level of activity with limited additional costs? | Meat companies increased their level of activity.  
Rise in additional costs linked to EU labelling rules has been limited. | 3) Evolution of the meat production  
4) Evolution of internal and external trade  
5) Evolution of the economic performance of meat companies  
6) Additional costs at slaughterhouse stage | Results of EQ1 (Ind. 3 and 4)  
Results of EQ2 (Ind. 5 and 6) | See EQ1 and EQ2 |
| ...allow the demand to strengthen while generating limited costs at retail stage? | Demand for beef products has strengthened steady.  
Rise in additional costs linked to EU labelling rules has been limited for retailers. | 7) Evolution of demand  
8) Opinions of the retailers | Results of EQ1 (Ind.7)  
National case studies (Ind.8) | See EQ1 and EQ2 |
| Allow consumers to find products that correspond with their expectations in terms of traceability, quality and price? | EU beef labelling rules reach consumers’ expectations | 9) Evolution of prices at retail stage  
10) Results of focus groups on consumer purchase decisions (expectation with regard to the labelling of origin) | Results of EQ1 (Ind.9)  
Results of EQ3 (Ind.10) | See EQ1  
See EQ3 |
**10.1 Evolution of breeders’ income**

### 10.1.1 Indicator 1: Evolution of income of specialised farms

The first indicator aims at analysing the evolution of breeder’s income over the evaluation period. The income indicator considered is the Farm Net Income per Family Work Unit (FADN variable se430). Standard FADN results were used and the analysis refers to the average results by case study Member States for specialist cattle farms. The latest available year for FADN data when writing the study was 2012. We can note that a change in the FADN methodology as regards farm specialisation occurred in 2010 (Standard Gross Margin method until 2009 versus Standard output method from 2010). This change of methodology affected the definition of the types of farming. New series have been retrofitted until 2004. As the present evaluation covers the period from 1992 to nowadays, two series of data are presented: from 1992 to 2003 (TF 45 corresponding to specialist cattle) and 2004 to 2012 (TF 49); that is why two ‘period 3’ averages are calculated ‘period 3a’ (2002-2003) and ‘period 3b’ (2004-2007).

Figure 31 shows the evolution of the value of the income (FNI/FWU) by year and by Member States from 1992 to 2003. On this period, the following observations can be made:

- Between 1992 and 1995, the income of specialised cattle farms slightly increased for all the Member States considered, ranging in 2005 from 7511 euros for Ireland to 16 712 euros for France.

- During period 2 (between the crises) the income of British breeders dropped by 80% between 1995 and 1999 (from more than 12 000 euros to 2500 euros). Irish breeders were also affected by a fall in their income. It was still far less important than in the United Kingdom and it occurred one year later. Specialist breeders’ income in other Member States were not affected as their income almost remained at the same level over the period.

- During the second BSE crisis, breeders’ income was rather stable in all countries except in Italy, where it fell by 30% between 1999 and 2000. British farmers’ income began to recover during that period.

- In 2002, breeders’ income reaches its highest level over the period (except in Germany and Spain).

**Figure 30 – Evolution of Farm Net Income (FNI) per Family Work Unit (FWU) for specialist cattle farms (TF14 45) – Period 1992-2003**

![Figure 30](image)

Source: FADN

The following figures show the income evolution between 2004 and 2012. From 2004 to 2007, specialist breeders’ income remained quite stable (with fluctuations in Germany and Italy). The most recent period is characterized by more instability (with low levels in 2009 for France and Germany, in 2010 for Ireland, and in 2012 for Spain) and by a decreasing trend at the end of the period.
This analysis on annual trends is completed by an examination of the average income for each period considered in the study. Again, two tables are presented referring to the two statistical series available for FADN over the period.

- Average income increased in all Member States but the United Kingdom between period 2 and period 1: from +4% in France to 31% in Italy. In the United Kingdom, the income did not completely recover and records a loss of -33% between the 2 periods.

- Period 3 (after the crises 2002-2003) is characterized by significant rises in breeders’ income in all Member States. The increase is particularly important in the United Kingdom (+163% between P3 and P2): the income reaches higher levels than in period 1 (1992-1995, before the crises).

### Table 51 – Evolution of FNI per FWU by period (1992–2004)

<table>
<thead>
<tr>
<th></th>
<th>Germany</th>
<th>Spain</th>
<th>France</th>
<th>Ireland</th>
<th>Italy</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period 1 (Before crises) (92-95)</td>
<td>10 205</td>
<td>8 760</td>
<td>15 158</td>
<td>6 830</td>
<td>12 772</td>
<td>7 985</td>
</tr>
<tr>
<td>BSE 1</td>
<td>10 319</td>
<td>10 277</td>
<td>15 539</td>
<td>7 478</td>
<td>15 256</td>
<td>12 879</td>
</tr>
<tr>
<td>Period 2 (Between the crises) (97-99)</td>
<td>11 933</td>
<td>10 168</td>
<td>15 808</td>
<td>7 381</td>
<td>16 719</td>
<td>5 364</td>
</tr>
<tr>
<td>Period 3 (After the crises) (2002-2004)</td>
<td>12 751</td>
<td>15 734</td>
<td>18 123</td>
<td>10 140</td>
<td>23 656</td>
<td>14 092</td>
</tr>
<tr>
<td>P2/P1</td>
<td>17%</td>
<td>16%</td>
<td>4%</td>
<td>8%</td>
<td>31%</td>
<td>-33%</td>
</tr>
<tr>
<td>P3/P2</td>
<td>7%</td>
<td>55%</td>
<td>15%</td>
<td>37%</td>
<td>41%</td>
<td>163%</td>
</tr>
<tr>
<td>P2/BSE 1</td>
<td>16%</td>
<td>-1%</td>
<td>2%</td>
<td>-1%</td>
<td>10%</td>
<td>-58%</td>
</tr>
<tr>
<td>P3/BSE 2</td>
<td>7%</td>
<td>55%</td>
<td>11%</td>
<td>35%</td>
<td>56%</td>
<td>107%</td>
</tr>
</tbody>
</table>

This analysis on annual trends is completed by an examination of the average income for each period considered in the study. Again, two tables are presented referring to the two statistical series available for FADN over the period.

- Average income increased in all Member States but the United Kingdom between period 2 and period 1: from +4% in France to 31% in Italy. In the United Kingdom, the income did not completely recover and records a loss of -33% between the 2 periods.

- Period 3 (after the crises 2002-2003) is characterized by significant rises in breeders’ income in all Member States. The increase is particularly important in the United Kingdom (+163% between P3 and P2): the income reaches higher levels than in period 1 (1992-1995, before the crises).

### Table 51 – Evolution of FNI per FWU by period (1992–2004)

<table>
<thead>
<tr>
<th></th>
<th>Germany</th>
<th>Spain</th>
<th>France</th>
<th>Ireland</th>
<th>Italy</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period 1 (Before crises) (92-95)</td>
<td>10 205</td>
<td>8 760</td>
<td>15 158</td>
<td>6 830</td>
<td>12 772</td>
<td>7 985</td>
</tr>
<tr>
<td>BSE 1</td>
<td>10 319</td>
<td>10 277</td>
<td>15 539</td>
<td>7 478</td>
<td>15 256</td>
<td>12 879</td>
</tr>
<tr>
<td>Period 2 (Between the crises) (97-99)</td>
<td>11 933</td>
<td>10 168</td>
<td>15 808</td>
<td>7 381</td>
<td>16 719</td>
<td>5 364</td>
</tr>
<tr>
<td>Period 3 (After the crises) (2002-2004)</td>
<td>12 751</td>
<td>15 734</td>
<td>18 123</td>
<td>10 140</td>
<td>23 656</td>
<td>14 092</td>
</tr>
<tr>
<td>P2/P1</td>
<td>17%</td>
<td>16%</td>
<td>4%</td>
<td>8%</td>
<td>31%</td>
<td>-33%</td>
</tr>
<tr>
<td>P3/P2</td>
<td>7%</td>
<td>55%</td>
<td>15%</td>
<td>37%</td>
<td>41%</td>
<td>163%</td>
</tr>
<tr>
<td>P2/BSE 1</td>
<td>16%</td>
<td>-1%</td>
<td>2%</td>
<td>-1%</td>
<td>10%</td>
<td>-58%</td>
</tr>
<tr>
<td>P3/BSE 2</td>
<td>7%</td>
<td>55%</td>
<td>11%</td>
<td>35%</td>
<td>56%</td>
<td>107%</td>
</tr>
</tbody>
</table>

Source: FADN

Period 4 (see next table) is characterized by diverging evolutions within the case studies Member States:

- The income of specialised breeding farms has decreased between period 3b and 4 by 13% in Germany and by 19% in France. In Spain, the average income records a slight increase (+4%) due to high levels in 2008 and 2009. However, it drops continuously from 2010 to 2012. These decreasing trends are mainly due to an increase in production costs, especially raw material prices (affecting in particular intensive systems in Spain).

- In Ireland, breeders’ income was stable in average between the two periods, but with strong fluctuations from 2008 to 2012.
In the United Kingdom, in Poland, and to a lesser extent Italy, average income is higher in the most recent period (respectively +39% in Poland, +28% in the United Kingdom and +16% in Italy).

Table 52 – Evolution of FNI per FWU by period (1992-2004) – Euros

<table>
<thead>
<tr>
<th></th>
<th>Germany</th>
<th>Spain</th>
<th>France</th>
<th>Ireland</th>
<th>Italy</th>
<th>Poland</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period 3b After the crises (2004-2007)</td>
<td>14 966</td>
<td>18 091</td>
<td>17 922</td>
<td>12 947</td>
<td>20 527</td>
<td>2 741</td>
<td>15 794</td>
</tr>
<tr>
<td>Period 4 (2008-2012) recent years</td>
<td>13 028</td>
<td>18 806</td>
<td>14 476</td>
<td>12 841</td>
<td>23 865</td>
<td>3 802</td>
<td>20 152</td>
</tr>
<tr>
<td>Changes P4/P3b</td>
<td>-13%</td>
<td>4%</td>
<td>-19%</td>
<td>-1%</td>
<td>16%</td>
<td>39%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: FADN

10.1.2 Indicator 2: Evolution of prices at farm stage

It is important to bear in mind the main findings of the price evolutions of bovine animals at farm stage as described in the descriptive chapter of the study and in Evaluation Question 1 considering the impacts of labelling prices on meat prices.

- Carcass prices have been quite erratic from 1992 to 2004. They were lower in Period 2 (between the 2 crises) than in Period 1 (before the crises): from -6% in Italy for young bull to -27% in Ireland for cows. In period 3 (after the crises), prices in case studies Member States were slightly higher than in period 2 (from +23% for German and Italian young bulls to +11% for Irish cows).

- At the time of the BSE crises (1996 and 2000/2001), prices dropped sharply in all Member States: in average, EU prices for young bulls dropped by 7% in average after the first BSE crisis (in case studies Member States: from -20% in the UK to -10% in Italy) and cows prices by 16% (-24% in Ireland to -12% in the United Kingdom). The drop was slightly lower after the second BSE crisis (~8% in average for young bulls and ~9% for cows). The fall in prices was very rapid (around 3 months for both crises). Stakeholders' opinions collected in the case studies showed that this period has favoured the renationalisation of beef markets by increasing the demand for beef of national origin.

- From 2005 to 2013, a rise in carcass prices can be observed. The increase is particularly important in 2011 and 2012. It has already been established in the report that the increase of prices was mainly due to external factors, for instance the avian flu outbreak in 2005 and the increase in world cereal prices since 2006. In addition, the largest rises in 2011 and 2012 were linked to the reduction of the European dairy herd and the decrease of meat imports from Brazil due to sanitary reasons.

According to the stakeholders’ interviews performed in case studies Member States, the introduction of compulsory labelling rules contributed to the recovery in beef consumption in the periods immediately following the crisis. As a consequence, the compulsory labelling rules assisted the recovery of prices at farm stage in the post-crisis periods. In some cases, stakeholders consider that other measures in force during the BSE crisis (traceability, sanitary measures and withdrawals) also had a significant impact.

In the recent period, compulsory labelling is not considered to play an important role in beef market trends. The external factors already identified are of major importance to explain the increasing trend observed in prices paid to producers. The analysis on beef prices is complemented hereafter by a comparison of the trends observed in carcass prices and in specialised breeders’ income (see figure 32).

Breeders’ income evolutions result from different factors: products linked to the selling of animals (which depends on animal prices), subsidies received by breeders (coupled/decouple payments, pillar II payments that can be important for the extensive breeding systems), production costs. Production costs are of particular importance in the recent period, as they have been characterized by important fluctuations, in particular as regards animal feeding and fodder prices.

As can be seen on the following figures, the overall trends are quite similar in most cases on the long run, with fluctuations until 2004 and increasing trends from 2004. The divergence points can mostly be explained by the rise in feed costs resulting in decreasing income in Spain from 2011, in France in 2009, in Germany in 2008 and 2009.
MAIN FINDINGS IN SUB-QUESTION 1 – RELEVANCE WITH REGARDS TO THE BREEDERS’ NEEDS

Between 1992 and 2004, breeders’ income has been characterized by an increasing trend (all Member States except the United Kingdom) – (indicator 1).

As stated in evaluation question 1, the compulsory labelling of beef has played a role in the recovery of demand, and therefore of prices paid to producers, in the post-crisis period. As a consequence, it has participated in the consolidation of breeders’ income in crisis years and it can then be concluded that at that particular time, the policy was relevant with regards to breeders’ needs.

Over the recent years (after 2004), breeders’ income begins to decline in France, Germany and Spain, while carcass prices have remained relatively high; these trends (higher selling prices but lower incomes, see indicator 2) are mainly linked to increasing production costs. In addition, Evaluation Question 1 concluded that compulsory labelling does not play an important role in market trends for beef consumption at the present time and that it does not provide a sufficient incentive to counteract the decline in demand since 2008. Thus, it can be stated that there is no direct and significant contribution of compulsory labelling in the maintenance of the income level of cattle breeders.

103 Despite the break in the FADN series in 2004, we can compare the trends before and after, that is why we constitute a single index basis with 2004=100.
10.2 Evolution of meat companies activity and labelling cost at the processing stage

10.2.1 Indicator 3: Evolution of the meat production

This indicator refers to Evaluation Question 1 and more specifically to sub-question 4 on the impact of compulsory labelling on the quantity and prices of animals slaughtered.

It has been proved that compulsory labelling measures, along with other measures, participated in an increase in the beef demand in the period after the second BSE crisis. However, this did not result in a rise in the beef production as slaughtering have been decreasing since 1999, at the exception of 2002, just after the second BSE crisis. Indeed, the increase of demand, as shown in Evaluation Question 1, has been mainly filled by the imports growth, and to a lesser extent, by the reduction of exports.

In this way, labelling rules did not slow down the decreasing trend in force at EU level as regards beef production and has not changed significantly the activity trends in processing industry, except in 2002.

10.2.2 Indicator 4: Evolution of internal and external trade

As already established, the intra-EU trade has constantly grown from the beginning of the evaluation period, with the exception of the BSE crisis years. At EU-15, and as showed in table 9 of the descriptive chapter of the study, the intra-EU trade rose by 28% between period 3 (post crises) and period 2 (between the crises) and by 17% between period 4 (recent times) and period 3 (post crises). In the BSE crisis years, volumes traded across internal borders dropped sharply, as a result of the renationalisation of the markets following the crisis immediately.

Moreover, according to stakeholders’ opinions reported in Evaluation Question 1, the compulsory labelling measures have overall led to a renationalisation of the markets in the retail sector. This was not the case for the catering sector, where purchases from other EU Member States have risen in most case studies Member States.

With regard to external trade, EU imports from third countries increased by 40% from 2001 and 2007. Then, a drop in EU imports was observed, explained by a drop of the imports from Brazil, which fell by 59% in 2008 and continued to decrease until 2012, due to sanitary issues in Brazil.

Sub-question 2 of Evaluation question 1 showed that the share of imports from third countries on total EU consumption increased until 2006. From 2007, the opposite trend can be observed at EU 15 level, due to the decline in the beef consumption as well as to the reduction of beef imports, in particular from Brazil. At the same time, EU beef exports decreased sharply from 1995 to 2007 due to a decrease in production and the progressive abolition of exports refunds.

Thus the increase in EU demand for beef has resulted in an evolution in the external trade in the EU, rather than in an increase in the EU production which could have benefitted to EU meat companies.

10.2.3 Indicator 5: Evolution of the meat companies economic performance

EQ 2 analyses the evolution of the economic performance of the meat industry, on the basis of the Eurostat indicators available, i.e. average turnover per company, value added and gross operating surplus.

A concentration trend is overall in force in Europe, as the less competitive companies leave the sector, in the context of a decreasing market. Indeed, in all Member States except Spain and Germany, the number of companies is decreasing over the study period (according to Eurostat). According to the stakeholders interviewed, the entry in force of the post BSE measures, among which traceability procedures and to a lesser extent, compulsory labelling, have participated in accelerating this phenomenon, as less efficient firms were not able to make the investments required. On the other hand, stakeholders agree on the fact that the traceability and labelling constraints have stimulated the structuring and organisation of the industry.

On the whole, the bovine sector shows a low profitability, with an added value ratio (added value /turnover) equal to 12% and a gross operating surplus ratio (GOS/turnover) equal to 4% in average on the 7 case studies Member States and on period 4. Raw materials (i.e. carcasses) purchases accounts for the highest share in the production costs.

10.2.4 Indicator 6: Additional costs at slaughterhouse stage

The question of the additional costs supported by the processing industry was investigated in Evaluation Question 2. We have seen that data collected from interviews with meat companies are scarce, which indicates that labelling costs are not analysed as such by operators.
Costs data estimates range from 0.05 EUR/kg cwe to 0.20 EUR/kg cwe, with a median value at around 0.10 EUR/kg cwe. This is equivalent to around 3.1% to 12.3% of the total processing costs, with a median value at 6.2%. Batch management is the most costly component of the meat production process.

An analysis on price transmission was carried out in Evaluation Question 1 (Sub question 3 on the impact on prices). This showed that beef retail prices have been marked by an increasing trend from 1992, which has accelerated these years as carcass prices were higher. Most of the processors interviewed highlighted the fact that the increase in production costs linked to compulsory labelling has at least partially been transmitted along the chain and resulted in higher retail prices.

**MAIN FINDINGS IN SUB-QUESTION 2 – RELEVANCE WITH REGARDS TO MEAT COMPANIES’ NEEDS**

The rise and stabilisation in the demand for beef observed between 2002 and 2007 did not result in an increase in beef production at EU level. Indeed, the rise in demand was mostly satisfied by higher imports from third countries. Thus, compulsory labelling has not allowed meat operators to increase their level of activity (Indicators 3 and 4).

On the contrary, the implementation of traceability and labelling measures has participated in accelerating the trend towards concentration and organisation of the industry. In addition, the level of profitability of meat companies has remained very low. Nevertheless, according to meat companies interviewed, traceability and labelling measures have led to a greater consolidation in the sector as well as the reorganisation of relationships between stakeholders along the food chain (Indicator 5).

The cost related to compulsory labelling has been evaluated as being equivalent to 6.2% (median value) of the total production costs of meat companies.

This increase of cost has not helped the competitiveness of the industry (Indicator 6).

**10.3 Evolution of demand and relevance with regard to retailers’ activities**

**10.3.1 Indicator 7: Evolution of demand**

Sub-question 1 of Evaluation question 1 addresses the question of the impact of compulsory labelling on beef demand.

It has been shown that:

- after each BSE crisis, consumption recovered, in a larger extent after the second crisis;
- consumption remained stable from 2002 and 2007;
- and then declined from 2008.

Stakeholders agreed to say that compulsory labelling measures, together with other measures, have contributed to the recovery of demand in the periods after the crises. At the present time, compulsory labelling is not considered as a determinant of the market trends.

With regard to voluntary labelling, we provide an estimate of the share of voluntary labelling schemes in the beef market (see indicator 7 of Evaluation Question 2).

Voluntary schemes account for 20% to 60% of the retail markets in case study Member States (except Poland where it is far more limited – 2-3% of the beef market), corresponding to a weighted average of 23% of the beef market for the six other Member States. This reflects the fact that a demand exists for these products and that they currently have a significant weight in beef consumption.

Although they are unable to quantify the evolution of demand on this product, the stakeholders interviewed have stated in a number of cases (notably Italy, Spain, the United Kingdom and Ireland) that the demand has increased for products under these voluntary schemes.
### 10.3.2 Indicator 8: Retailers’ opinions

#### Table 53 – Retailers’ opinions on the relevance of the compulsory and voluntary schemes

<table>
<thead>
<tr>
<th></th>
<th>Compulsory labelling</th>
<th>Voluntary labelling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>German retailers have generally restricted their purchases to 4D beef. They consider that compulsory labelling is complex to implement and ask for a simplification of the system.</td>
<td>The concurrence between retail chains has led to numerous initiatives with regard to regional or local meat origin labelling, which are said to correspond with consumer expectations. Overall, German retailers are satisfied with the new system, as it is simpler.</td>
</tr>
<tr>
<td>France</td>
<td>Most retailers base their sourcing on French beef. They consider that compulsory labelling is a good measure, as it enhances consumer confidence.</td>
<td>French retailers are in favour of the simplification of the voluntary scheme system, as they considered the former system to be too heavy.</td>
</tr>
<tr>
<td>Italy</td>
<td>Italian retailers pay more attention nowadays to the provenance of the meat. They consider that the formalisation of rules of traceability and labelling and related control measures have consolidated the relationships along the supply chain.</td>
<td>Voluntary schemes are mainly used as a marketing tool for ‘business to business’ communication that does not reach consumers. The new regulation on voluntary labelling can lead to a situation where the same voluntary claims can be made by different operators but with different guarantees or control systems in place.</td>
</tr>
<tr>
<td>Spain</td>
<td>Spanish mass retailers agree to say that the indication on national origin on beef products should be restricted to voluntary schemes. They consider that the system is costly and that in the end, this is transferred to the prices paid by consumers, which do not boost demand. They are in favour of the indication of the European origin only.</td>
<td>There is no consensus among the retailers interviewed on the evolution of the regulation on voluntary labelling. On the one hand, some of them think that this could lead to the development of labels with low levels of guarantee. On the other hand, others consider the simplification as positive, as it provides them with more possibilities in the content of the specifications, and reduces the costs that were linked to the certification by a private organism.</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Retailers consider that there is little demand or awareness by consumer about the details of compulsory beef labelling (e.g. identification numbers) and that the system could be simplified.</td>
<td>Retailers stated that whether the simplification of the voluntary beef labelling rules give more transparency to the consumer will depend on how they are introduced and the level of compliance. In particular, there is a concern that issues regarding labelling requirements will be given low priority because of the limitations of the resources available for controls.</td>
</tr>
<tr>
<td>Ireland</td>
<td>Retailers stated that the compulsory labelling regulations did not go far enough and operators said they need the voluntary schemes to comply with consumer demand.</td>
<td>Voluntary labelling is considered as highly relevant as it goes beyond compulsory labelling and corresponds with consumer demand for more quality assurance. Both voluntary and compulsory systems are considered as one global system audited by an independent body. No specific comments were made on the evolution of the regulation.</td>
</tr>
<tr>
<td>Poland</td>
<td>Retailers agreed to say that the identification of national origin is important for consumers in their purchase decisions.</td>
<td>Products with quality schemes meet poor consumer recognition on the Polish market. The Polish Beef Producer Association has developed a food quality system (Quality Meat Program) opened to every actor of the food chain and aiming at adjusting the quality of the produced meat to consumer expectations.</td>
</tr>
</tbody>
</table>

Source: national case studies
**MAIN FINDINGS IN SUB-QUESTION 3 – RELEVANCE WITH REGARD TO RETAILERS’ NEEDS**

Compulsory labelling has participated in the demand recovery in particular after the second BSE crisis. From 2008, beef consumption has decreased and compulsory labelling did not help to slow down this trend. Compulsory labelling plays a marginal role in the beef market evolution in the recent period. (Indicator 7)

The retailers interviewed in the case study Member States (except Spain) consider that identification of national origin is necessary as it strengthens consumer confidence. Still, in a number of cases, retailers ask for a simplification of the system (e.g. identification numbers, batch composition...).

Therefore it can be concluded that compulsory measures are relevant with regards to the retailers’ needs.

There seems to be a significant and increasing demand for voluntary schemes. Opinions with regard to the relevance of the new regulation are divergent among Member States and among retailers in the same Member States. Some of them consider it positive as it is a simplification of the procedures, and that it will give them more possibilities in the content of the specifications. Others fear a proliferation of labels with low levels of guarantee and controls which could damage the image of the sector (Indicator 8).

### 10.4 Consumer expectations

#### 10.4.1 Indicator 9: Evolution of prices at retail stage

Evaluation question 1 analyses the evolution of retail prices. The data available in the case study Member States (except Poland) show that retail prices have almost continuously increased since 1997 (they were rather stable before). The price increase has considerably accelerated on Period 4 (from 16% in Germany to 32% in the United Kingdom).

The question of the contribution of compulsory labelling to the evolution of beef prices at retail stage has been addressed in Evaluation Question 2. Compulsory labelling generates additional costs at slaughtering stage.

Some stakeholders report that this additional cost has been transmitted to the retail stage. It is important to bear in mind the main steps of the calculation of the increase of prices paid by consumers linked to compulsory labelling.

At processing stage, the additional cost generated by the compulsory labelling is estimated at a median value of 0.10 EUR/kg cwe (0.05 to 0.20 EUR/kg cwe), which is equivalent to 0.14 EUR/kg in net weight (0.07 to 0.28 EUR/kg net weight).

Considering an average retail margin rate of 50%, the median value is 0.21 EUR/kg net weight at the retail stage (0.10 to 0.42 EUR/kg net weight). This represents

- 2.2% (1.1% to 4.4%) of the average price of minced meat (France);
- 1% (0.5 to 2.1%) of the retail price of rib steak (entrecôte - France);
- 5.8% of the increase in retail prices between 1996 and 2013 for minced beef, and 2.7% of the increase in retail prices for premium cuts.

#### 10.4.2 Indicator 10 - Results of focus groups on consumer expectations regarding the labelling of origin

Consumer focus groups have shown that consumers are aware that the ‘country of origin’ of the beef sold in the EU has to be indicated on the label. Nevertheless, compulsory labelling specifications are generally not well-known: in particular, most of the consumers interviewed had never noticed before that specific information on the place of birth rearing and slaughtering were displayed. The information on batch number, approval numbers for slaughterhouses and cutting plants is unknown. They generally understand that the term ‘origin’ as referring to the country where the animal has been born, fattened and slaughtered.

The evidence coming from consumer groups suggests that consumers trust the information provided by compulsory labelling. Even if it is assumed that the administrative resources dedicated to controls are declining, they are confident in the fact that national authorities are able to perform adequate controls to guarantee food safety. Still, this statement is only valid for Member States with similar economic developments.
As a result, the logic underlying beef labelling rules regarding national origin is that consumers place confidence in their own national authorities to maintain rigorous food safety systems. Country of origin is clearly important to the consumers interviewed, and it has an influence on their purchase decisions. Other reasons for which consumers would prefer their own ‘national’ beef over foreign products are related to the support of domestic farmers or to the achievement of national self-sufficiency in agriculture. Nevertheless, consumers stated that they would not be willing to pay more than a small premium for beef of national origin.

Findings from consumer groups are in line with the interviews performed with consumer associations. In all Member states, consumers’ representatives state that there is a strong consumers’ expectations for the indication of the country of origin, in particular the place of rearing. In their opinion, the compulsory labelling has clearly participated in the recovery of consumer confidence after the two BSE crises, and it is still information that consumer consider as really necessary and which influences their purchase decisions.

Nevertheless, consumer associations consider that part of the information displayed on the label is not well known and understood by consumers, in particular the identification numbers of animals and approval numbers of slaughterhouses and cutting plants.

Focus groups’ results suggest that the voluntary rules can sometimes cause confusion for the consumers which do not always understand the requirements they involve. Consumers simultaneously complain that labels provide too much information and not enough explanation. Overall, voluntary labels do not feature as a factor of major influence for consumers in their purchase decisions. The level of recognition by consumers of the voluntary labels is in addition relatively variable from one label to another. In some cases, voluntary information is not reported on labels and is more a marketing tool for business to business communication that does not reach the consumer.

**MAIN FINDINGS IN SUB-QUESTION 4 – RELEVANCE WITH REGARDS TO CONSUMERS’ NEEDS**

Retail beef prices have significantly increased over the period studied and in particular since 2007. The implementation of compulsory labelling rules has only marginally contributed to this rise (in France, for instance: 5.8% of the rise observed between 1996 and 2013 for minced meat and 2.7% for premium cuts). (Indicator 9)

Focus groups results suggest that consumers trust the information provided by compulsory labelling. They assume that the controls performed by national authorities guarantee the safety of food products and place more confidence in their own national authorities. As a result, the identification of the country of origin clearly has an influence on their purchase decisions (Indicator 10).

In that sense, compulsory labelling is considered as being relevant for consumers.

Findings are more mitigated with regard to voluntary labelling. The level of recognition of the voluntary labels by the consumer is variable. In some cases, voluntary requirements do not reach the consumer as they are used in business to business relationships. In other cases, they are considered as confusing as label specifications are not always well understood (Indicator 10).
10.5 Evaluation judgement

Evaluation Question 6 aims to analyse the extent to which the EU beef labelling rules have been adequate to meet the current needs of the actors in the beef supply chain (i.e. breeders, meat companies and retailers), and those of consumers.

1) Adequacy of the beef labelling rules in relation to the needs of breeders

The current needs of breeders refer to the increase in the value of the products they sell, and as a consequence, an increase in their income. FADN data were used to examine trends in Farm Net Income per Family Work Unit for specialised cattle farms in each case study Member State.

Between 1992 and 2004, breeder income increased, with the exception of the United Kingdom, where it dropped sharply after the first BSE crisis. Compulsory labelling rules for beef played a role in the recovery of demand and prices in the post-crisis periods. As a result, the rules contributed to the consolidation of breeder income and it can be concluded that, at that particular time, the policy was able to meet the needs of breeders.

In the recent period, carcass prices have shown an increasing trend. Nevertheless, breeders’ income has declined in Germany, Spain and France, due to increasing production costs. Furthermore, it has been established that beef market is currently driven by other factors than compulsory labelling, which does not provide a sufficient incentive to counteract a declining demand from 2008. As a result, it is possible to conclude that there is no direct and significant contribution of compulsory labelling to the stabilization of the income level of cattle farmers, and therefore the policy is not directly relevant for the breeder’s needs.

2) Adequacy of the beef labelling rules in relation to the needs of meat companies

The current needs for meat companies (slaughterhouses, cutting plants, processors...) refer here to the increase in the level of activity of the companies, which is characterized through the evolution of meat production, internal and external trade and economic performance indicators. The analysis is complemented with the results of Evaluation Question 2 on additional costs generated by compulsory labelling for meat operators.

The rise in demand observed between 2002 and 2007 was mostly met by higher imports from third countries, as beef production (slaughtering) decreased over the same period. As a result, the beef labelling rules did not enable meat operators to increase their level of activity.

The analysis carried out on the economic performance of meat companies shows that the industry is characterized by a low level of profitability. Furthermore, the implementation of Regulation (EC) 1760/2000 led to an acceleration of the concentration trend, as less efficient companies could not make the necessary investment. According to the meat companies interviewed, traceability and labelling measures have led to an increase in the level of organisation of the sector, greater consolidation, and the reorganisation of relationships between stakeholders along the food chain.

The additional cost related to compulsory labelling represents around 6% (median value) of the total production costs of meat companies. This increase in costs has not helped the competitiveness of the industry.

3) Adequacy of the beef labelling rules in relation to the needs of retailers

Current needs for retailers mainly refer to the increase in demand. Retailers’ opinions on the relevance of compulsory and voluntary labelling were also considered.

Compulsory labelling contributed to the recovery in demand after the second BSE crisis. It currently plays only a marginal role in the demand for beef, which is decreasing.

Retailers interviewed in the case study Member States (with the exception of Spain) consider that compulsory labelling strengthens consumer confidence in beef products and that the identification of origin is necessary to meet consumer expectations. It can then be stated that compulsory measures are relevant to the needs of retailers. Nevertheless, retailers would like to see a simplification of the system, notably the removal of identification numbers from beef labels.

In some countries, beef labelled in accordance with voluntary schemes represents a significant share of the beef retail market. Retailers provide this information to meet a consumer demand for information which goes beyond that which must be provided under the compulsory rules. Retailers’ opinions diverge on the relevance of Regulation (EC) No 653/2014. Some consider the reduction in administrative procedures to be a positive step. Others fear a proliferation of labels with
low levels of guarantee and controls, in a context where the resources allocated to inspections are decreasing in all Member States.

4) Adequacy of the beef labelling rules in relation to the needs of consumers

The evaluation of the extent to which the beef labelling rules meet the needs of consumers focuses on an analysis of consumer expectations. This was assessed through focus groups with consumers and interviews with consumer associations, focussing on the importance consumers attach to indications of origin.

First, the additional cost generated by compulsory labelling (evaluated at the slaughtering stage and with the hypothesis that this cost is transferred to the final consumer) accounts for a marginal part of the increase in beef prices observed since the entry into force of the regulation (5.8% for minced meat and 2.7% for premium costs considering median values).

Our focus groups suggest consumers trust the information displayed on labels and place more confidence in their own national authorities to perform adequate controls to guarantee rigorous food safety systems. As a result, the country of origin clearly weighs on consumers’ purchasing decisions.

It is thus possible to conclude that the compulsory labelling rules are highly relevant for consumers.

The findings are more mitigated with regard to voluntary labelling requirements. As mentioned above, the market share of meat subject to the voluntary labelling rules accounts for almost 25% of the beef market, as retailers seek to meet consumer expectations. In some cases, however, voluntary requirements are not intended for the consumer (this is the case with business to business sales). In other cases, they can be confusing for consumers as some indications (e.g. breed) can be misunderstood.
11 Conclusions and recommendations

11.1 Causal relationships linked to the compulsory labelling rules from ‘fork to farm’

The evaluation began by assessing whether a causal link exists between the beef labelling rules and trends in the beef market from 2000 (when Regulation (EU) 1760/2000 was implemented) and the present time.

We began by tracing this causal chain from the final stage of the beef market: the retail and catering channels. In the course of the evaluation we then examined the following questions: is there a link between the labelling rules and the demand for beef? If so, is there a link between changes in demand and prices at the retail stage and between demand and carcass prices? Was there an impact on internal trade (within the EU) and external trade? Is there a link between these changes and trends in production and, furthermore, in herd size?

11.1.1 A positive impact on demand for beef after the second BSE crisis

According to stakeholders, compulsory labelling (together with other public and private measures) had a positive influence on the restoration of consumer confidence following the BSE crises and thus contributed to a recovery in the demand for beef. This had a positive impact on the beef market between 2002 and 2007.

Nevertheless, the beef labelling rules, and the traceability requirements they introduced, were not sufficient to alleviate the structural decline in demand for beef which has taken place since 2008. As rearing costs, carcass prices, and retail prices began to rise sharply, this contributed to a reduction in consumer demand for beef in all the case study Member States.

11.1.2 Renationalisation of retail markets, internationalisation of catering markets

In France, Germany, and the United Kingdom, the stakeholders interviewed at the processing and retail levels clearly and unanimously stated that a renationalisation of markets had occurred in the retail sector. Yet, in France, Germany and the United Kingdom, official studies have shown that most of the beef sold to the catering industry is imported (either from other EU Member States or third countries).

Statistical data show that, except during the crises, the share of imported beef from other EU Member States has increased in each case study Member State. Thus, a renationalisation of the market in the catering sector can be observed. Overall, this has led to an increase in the consumption of imported beef as shown by statistical analysis (ratio total imports/consumption).

In the remaining four other case study Member States the situation is as follows: In Poland, domestic consumption is small and focused on beef of national origin. The Italian market is structurally an importing market; yet, we can observe the same phenomenon of renationalisation of the retail market and internationalisation of the catering sector as in France, Germany and the United Kingdom. Spanish consumers are more interested in regional, rather than national origin. Finally, the Irish market is mostly based on beef of national origin with low levels of beef imports in relation to national consumption.

To conclude, notwithstanding the recovery in the demand for beef of national origin in retail markets, helped by compulsory labelling, intra-EU trade has increased during the period subject to this evaluation.

11.1.3 No significant effect on prices

Carcass prices decreased from 1992 to 2004 as a result of both the progressive opening of the EU market to imports and changes in CAP support. Prices then rose from 2005 to 2013, linked to an overall rise in fodder prices. There is no link between these trends and beef labelling.

In France, the United Kingdom and Germany, some stakeholders have indicated that they sometimes pay higher prices for carcasses, due to their origin and/or technical specifications. However, there is no statistical evidence to support these claims. It is impossible to reach a firm conclusion about any link between beef labelling and average carcass prices.

Stakeholders generally agree that traceability and labelling costs are translated into higher prices at the retail stage and are thus paid by the consumer. This suggests a link between labelling costs and the retail price of beef. A theoretical analysis of this cost (see section 12.8, below) shows that it is only a marginal factor in the rising price of beef.
11.1.4 No significant effect on volume slaughtered
This evaluation has shown that labelling had a positive impact on the demand for beef between 2002 and 2007. During this period, slaughtering of bovine animals peaked in 2002 (in the EU-15) and 2004 (in the EU-28)\textsuperscript{104}, before gradually falling.

Between 2002 and 2007, as consumption recovered and then stabilised, growth in demand was met by imports from third countries. Over the same period, EU exports to third countries decreased as a result of changes to public support. This led EU production to be reoriented towards the internal market.

For this reason, it can be considered that beef labelling has had no significant impact on the volume of livestock slaughtered.

11.1.5 No significant effect on bovine herd size
The short-live growth in slaughtering in 2002 was not sufficient to reverse the long term trends: between 2000 and 2013 the suckler cow herd fell by 2% and the dairy cow herd decreased by 9%. As a consequence, the total number of bovine fell by 7% over the same period.

11.1.6 External trade is determined by external factors
The volume of beef imported to the EU from third countries varied as a result of external factors. The openness of the EU market, following full implementation of the WTO Agreement in 2000, stimulated imports just as EU demand for beef was recovering in 2002. On the other hand, EU sanitary controls reinforced from 2007 led to a sharp drop in beef imports from third countries, notably Brazil.

11.2 Labelling costs
11.2.1 A theoretical approach shows that the cost of compulsory labelling represents around 6% of processing costs
The stakeholders interviewed found compulsory labelling costs to be very difficult to identify as they are integrated in firms’ general operating costs. However, based on data and evidence collected in the case study Member States, we estimate that traceability and labelling costs represent a theoretical median value of around 0.10 EUR/kg cwe at the processing stage.

In relation to the average processing cost of beef (estimated at 1.60 EUR/kg cwe\textsuperscript{105}), costs linked to traceability and labelling represent an estimated 6.2% of total processing costs. In terms of total cost of beef, raw material costs are far more significant than labelling-related costs and account for approximately 67% of the average total.

The main cost-related issue at processing stage is batch management. This is time-consuming, firstly because processors rely on heterogeneous input data from different suppliers, and secondly because of a trend towards an increasing number of smaller batches. Labour costs for dealing with the bureaucracy of the beef labelling rules are much more significant that the related physical labelling costs.

Nevertheless, according to meat firms, these operational developments would have occurred anyway, as marketing expectations with regard to beef have increased among downstream stakeholders, including the final consumer between the end of the 1990s and the present time. This has resulted in a broader range of products, and an increasingly complex cutting and packing process.

11.2.2 Compulsory labelling costs account for between 1% and 2% of the retail price of beef
Interviews with stakeholders suggest that labelling-related costs have been fully passed on to the retailer and ultimately paid by the consumer. In 2013, labelling costs accounted for 2.2% of the retail price of minced beef and 1% for premium beef\textsuperscript{106}. Between 1996 and 2013, labelling costs were responsible for between 2.7% of the rise in the retail price of beef for premium cuts and 5.8% for minced meat.

11.2.3 The economic performance of the beef industry has not changed but labelling and traceability requirements helped the beef supply chain to consolidate
An analysis of the sector’s key performance indicators shows consistently low ratios for both added value and gross operating surplus. This results from the fact that raw materials account for a high

\textsuperscript{104} This was well below the levels seen before the crises which peaked in 1995 (EU-15) and 1999 (EU-28).

\textsuperscript{105} Average processing cost to the beef industry is based on an average of Spanish and French official data.

\textsuperscript{106} Median values referring to French retail prices.
Evaluation of EU beef labelling rules

share of total production costs. On the whole, the bovine industrial sector shows low productivity. Eurostat data do not show any significant change during the period subject to this evaluation.

Turnover per economic operator is growing steadily, reflecting an increasing concentration of economic operators in the beef sector. This is partly linked to a reduction in the number of suppliers, as processors seek to simplify their purchases of raw materials in order to produce homogeneous batches.

It should also be noted that in countries such as Italy, Spain and Poland, the labelling rules have had a positive effect: stakeholders at various stages of the supply chain have had to reorganise and communicate with each other in order to implement the Regulation.

11.2.4 The voluntary labelling scheme: costs cannot be isolated; but market share is significant

Most stakeholders stated that the cost of voluntary labelling is included in the cost of compulsory labelling (that is itself rarely calculated and difficult to estimate).

Beef subject to voluntary schemes represents an average of 23% of all beef sold in the national markets of our case study Member States.

Stakeholders have diverging views on the consequences of the implementation of Regulation (EU) No 653/2014 simplifying voluntary labelling rules: Some appreciate the simplified procedure it has introduced. Others, however, think that the image of voluntary labelling will deteriorated, with claims being made without adequate controls, confusing consumers.

11.3 Consumers satisfaction

11.3.1 Consumer demand for beef of national origin is met

EU consumers are aware that beef on sale in the EU is labelled to indicate its provenance in terms of 'country of origin'. They generally expect that beef labelled as having a specified national origin is produced from animals born, fattened and slaughtered within a single country.

Consumers generally trust the retailers who sell beef and beef products and the authorities who supervise them to carry out effective food safety controls and to enforce labelling laws. However, this trust does not extend to other countries’ authorities beyond those states with similar levels of economic development. Despite the negative impact of food scandals on consumer confidence and trust, consumer associations agreed that compulsory labelling and its enforcement have helped to maintain consumer confidence in beef in the EU.

11.3.2 Consumers are mostly unaware of the compulsory indications displayed on beef labels

Conversely, consumers are mostly unaware of the specific indications displayed on beef labels in accordance with the compulsory rules. They claimed never to have noticed the specific compulsory indications which denote place of birth, fattening and slaughter. Reference numbers (batch number, slaughterhouse and cutting plant numbers) were almost completely unknown to participants of the focus groups in our national case studies and were often found to be confusing and superfluous.

Country of origin information is clearly important to the consumers interviewed, a majority saying it has some influence on their purchase decisions. These consumers prefer their own ‘national’ beef over foreign products for several reasons (trust in their national authorities, supporting domestic farmers, national self-sufficiency in agriculture). However, consumers are not willing to pay more than a small premium for beef of national origin. When they pay attention to origin, the consumers interviewed look only for a simple designation (e.g. ‘Origin: UK’) to get assurance that they are buying ‘national’ beef; without considering the specific compulsory indications (place of birth, fattening and slaughter).

11.3.3 Voluntary labelling can sometimes be confusing

Except for a few confusing cases, consumers were generally able to understand indications provided in accordance with the voluntary rules.

However, some consumers interviewed complained that labels provided in accordance with the voluntary rules often resulted in crowded labels. This led to the paradox whereby labels on beef simultaneously provide too much information without sufficient explanation, rendering them difficult to understand.

In general, voluntary indications do not feature as factors that have a major influence on consumers’ self-described purchasing behaviour.
11.4 Control system: low cost and limited effectiveness

The implementation of control systems under the beef labelling rules falls within the competence of the Member States while the Commission plays a supervisory role. The Commission’s four main tasks are: identification of the national public body in charge of the control system’s implementation; collection of annual national reports; collection of the lists of voluntary schemes; and conducting audits in the Member States. The Commission exercises its supervisory role to a satisfactory standard.

Audits conducted by DG SANTE – FVO concluded that there were remaining weaknesses in the labelling of beef and beef products, in particular relating to the voluntary labelling schemes. These analyses permit the evaluators to conclude that the national control systems are only partially effective.

National authorities play the role of overall supervisors of the entire control system within each Member State. The national reports produced annually are heterogeneous and do not always allow readers to identify and isolate rates of non-conformity for the labelling of beef and beef products. Moreover, these reports rarely include a non-conformity rate for voluntary schemes. As a result, the control systems are heterogeneous but their design nonetheless meets the requirements of the respective regulations.

The exchange of information between the Commission and the Member States is organised in accordance with the Regulation: annual reports exist and the Commission collects them. These reports do not always contain specific data regarding controls on the labelling of beef and beef products (nor does the Regulation does not require this level of detail). Therefore, based on the available evidence we cannot draw a firm conclusion whether the exchange of information between the Commission and the Member States is adequate.

Exchanges of information between the Member States take place occasionally but they are not systematically organised.

Notwithstanding the limited availability of detailed data on labelling in the beef sector, the comparison of the national control systems allows us to conclude that the level of coherence and consistency among national control systems is satisfactory.

The available data on the costs of controls are poor and heterogeneous. However, estimates for Germany and the United Kingdom enable us to conclude that the costs of control systems in these two Member States are limited. Nevertheless, as the functioning of control systems cannot be considered to be fully effective, it can be concluded that the efficiency of control systems could be improved.

11.5 Coherence of beef labelling rules with other relevant policy measures

Our analysis confirms that there is coherence between Regulation (EU) No 1760/2000 and Regulation (EU) No 1169/2011 on the provision of food information to consumers even if the later regulation imposes certain labelling requirements which are not explicitly addressed in the beef labelling regulation. Stakeholders’ opinions confirm the absence of inconsistencies between the two regulations with respect to the requirements for both compulsory and voluntary labelling rules. However, it is beyond doubt that the compulsory labelling requirements for beef go beyond the rules applied generally to food products, insofar as they establish full product traceability. Most sector representatives agree that, since the introduction of Regulation EU no. 653/2013, the voluntary labelling rules for beef are now in line with the general food labelling rules.

Regulation (EU) No 1760/2000 and Regulation (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products are coherent with respect to their labelling requirements. Indeed, the information required for labels of meat of bovine animals aged less than 12 months is established without prejudice to Articles 13, 14 and 15 of Regulation (EU) No. 1760/2000.

There is a clear coherence between the objectives of Regulation (EU) No 1760/2000 and the EU quality schemes applied under Regulation (EU) No 1151/2012 with respect to the provision of adequate information to the consumer in relation to product origin. In terms of the implications of the co-existence of different types of labels and logos in the market which provide similar information, the available evidence suggests that, overall, this does not confuse consumers, at least in Germany, Spain, the United Kingdom and France.
11.6 Coherence with Regulation (EU) No 1337/2013 as regards the origin labelling of other meats

The overall judgment based on a comparative analysis of the two legal texts is that the two regulations examined are coherent with respect to the term "origin" for labelling meat that has been obtained from animals born, reared and slaughtered in a single country, as the rules do not contradict each other. However, labelling rules for beef and for other types of meat are clearly not homogeneous when it comes to the mandatory indication of the country of birth. For meat of swine, sheep, goats and poultry the place of rearing and slaughter is indicated on the label while the "origin" is indicated only if the animal is born, reared and slaughtered in the same Member State or third country – in the same way as is the case for beef.

Based on the EC’s reply to a 2014 resolution of the European Parliament in which coherence between beef and other meat types labelling rules was called into question, the less stringent requirements for swine, sheep, goat and poultry meat were justified by the different underlying rules on animal traceability, taking into account their different production systems and technical constraints. If full individual traceability were to be introduced for non-bovine animals, that would generate high costs.

Information collected through interviews with beef sector stakeholders provided further insight. Overall, the view of stakeholders is that for ease of understanding, operation and control, labelling rules should be consistent across the meat sectors. However, opinions are divided: consumer representatives seek more restrictive rules; some meat processors would prefer beef labelling rules to be harmonized with the rules for other meats.

11.7 Relevance for stakeholders

a) Consumers: Compulsory labelling meets consumers’ needs while voluntary labels seem to be ambiguous

Compulsory labelling is considered to be relevant for consumers for two reasons:

- Consumer focus group results suggest that consumers trust the information provided in accordance with the compulsory labelling rules. They assume that the controls performed by their national authorities guarantee the safety of food products and they place more confidence in their own national authorities than they do in other countries’. As a result, country of origin labelling clearly has an influence on consumer purchasing decisions.

- The implementation of the compulsory labelling rules has contributed only marginally to the rise in the retail price of beef.

Our findings with regard to voluntary labelling are less clear cut. Consumer recognition is variable. In some cases voluntary labels are used only in business to business sales. Not all labels provided in accordance with the voluntary rules are well understood, moreover a proliferation of information leading to ‘crowded’ labels can lead to confusion.

b) Retailers: labelling of national origin strengthens consumer confidence

The compulsory labelling rules contributed to the recovery in the demand for beef, in particular following the second BSE crisis. From 2008, however, beef consumption decreased and compulsory labelling was unable to slow this trend. More recently, compulsory labelling has had only a marginal impact on the beef market.

Retailers interviewed in the case study Member States (with the exception of Spain), considered that labelling beef with indications of national origin is necessary as it strengthens consumer confidence. Nevertheless, in a number of cases, retailers would like to see a simplification of the current system.

There seems to be a significant and increasing demand for voluntary schemes. Opinions diverge among Member States and retailers with regard to the likely impact of the 2014 reform of voluntary labelling. Some consider it to be a positive development: the simplification of procedures will bring greater possibilities for economic operators to develop new voluntary claims. Others fear a proliferation of labels with low levels of guarantee and controls which could damage the image of the sector. Thus, it can be said that voluntary labelling is relevant for the needs of the retail industry. It is currently too early to judge whether the reform of the voluntary scheme rules is relevant and will have a significant impact on the retail market for beef.
c) Processors: brief recovery in 2002 and better organisation in some Member States but no further positive impact

The recovery in demand after the second BSE crisis contributed to an increase in slaughter volumes, it also produced a positive impact for the meat processing industry, although this was not to last. Stakeholders also reported greater consolidation in the sector as well as the reorganisation of relationships between stakeholders. These developments can be considered to have helped the processing industry. Beyond this, nothing has changed: the sector’s economic performance remains poor and the volume slaughtered continues to fall.

Finally, the vexed issue of batch management and increased costs related to labelling (marginal but real) have not helped the competitiveness of the beef industry.

d) Breeders: no link can be established with changes in breeders’ income

Although the income of breeders rose between 1992 and 2007, no link can be established with beef labelling rules. No direct and statistical link can be established between prices at the slaughterhouse gate and the implementation of labelling rules.
11.8 Recommendations

Recommendation 1: Simplify beef labelling by replacing all the compulsory reference codes by a single ‘traceability number’

To simplify batch management in cutting and processing plants and to improve clarity of beef labelling for consumers we recommend that reference numbers for slaughterhouses and cutting plants should no longer be compulsory for beef labels.

The batch number would be sufficient for traceability purposes and, simultaneously, it would be easier for consumers to understand (a single reference number in place of up to seven different codes). It could be called ‘traceability number’, which is easier to understand than ‘batch number’.

Recommendation 2: Evaluate the effect of Regulation (EU) No 653/2014

The new provisions for voluntary labelling had not yet produced any effects at the time we gathered evidence for this evaluation. Nevertheless, we have made two important findings: first, the market share of products using the voluntary labelling scheme is significant and second, some stakeholders question whether the simplification of the implementation rules defined by Regulation (EU) No 653/2014 will not weaken the voluntary labelling scheme and accelerate the decline of the beef sector.

For this reason, we recommend that a full-fledged assessment of the effects of Regulation (EU) No 653/2014 is carried out in due time.

Recommendation 3: Enhance control procedures

We observed that, on the one hand, some shortcomings in traceability implementation were revealed by DG SANTE – FVO audits and that, on the other hand, control system costs are very limited. Therefore, we recommend that controls should be reinforced by Member States’ national authorities. This could be implemented following a plan defined at EU level. This plan should at least address the following issues:

- defining the type of non-conformities to be identified during official controls;
- harmonising the reporting from Member States in relation to beef labelling;
- foreseeing an assessment by the Commission of the Member States reports and an appropriate follow up by Commission services.

---

107 This is coherent with Article 23a of Regulation (EU) No 653/2014 that states that ‘No later than 18 July 2019 for the voluntary labelling provisions [...] the Commission shall submit to the European Parliament and the Council the corresponding reports dealing with the implementation and impact of this Regulation including [...] the possibility of reviewing the voluntary labelling provisions [...]’