FURTHER EVIDENCE FROM THE BRITISH PIG EXECUTIVE (BPEX) TO THE COMPETITION COMMISSION, APRIL 2007

BACKGROUND AND INTRODUCTION

1 In the Emerging Thinking report published by the Competition Commission in January 2007, 2 specific product supply chains were examined in a supplementary Report entitled “Working paper on supply chain profitability”. This more detailed look at the entire supply chain covered the milk and pig meat sectors.

2 The British Pig Executive (BPEX) operates with maximum autonomy within the Meat and Livestock Commission, defining and executing the strategic business plan for the deployment of statutory levies raised from the English and Welsh pig industry. Both pig producers and pig abattoirs pay the statutory levy, roughly in the proportion of 80:20 respectively.

3 The MLC has previously given evidence to the Competition Commission in a hearing which took place in October 2006. This session included evidence provided by the Chief Executive of BPEX. Various data was provided by MLC to the Competition Commission’s secretariat during the autumn of 2006.

4 Despite the fact that the current UK farmgate price for pigmeat is below the price in 1997, in the supplementary report referred to above, paragraph 57 states that “In summary, there is little evidence to suggest that retailers have undermined the viability of pig meat farming”. In this further evidence paper BPEX wishes to challenge this contention.

WELFARE DIFFERENTIAL BETWEEN UK PIG PRODUCTION AND THE REST OF THE EU

5 The “increased production in high welfare production systems” alluded to in paragraph 41 of the supplementary report was a function of unilateral legislation imposed by the UK government and applicable to all UK pig farmers from 1 January 1999. This legislation had the effect of outlawing the use of individual sow stalls in pig production, and resulted in all UK pig farmers having to invest to change their production system housing. Unfortunately this coincided with very low European pig prices (your Table 4, paragraph 46 refers). Other European pig producers, bar those in Sweden, are still permitted to use sow stalls and indeed will be even after 2013 when certain EU-wide restrictions will be imposed on their use. In layman’s terms sow stalls in effect allow breeding sows very little room to move during the majority of their lives and therefore give production efficiencies at the expense of animal welfare.

6 This unilateral legislation was passed in the UK as a result of lobbying by animal welfare groups and others, and indeed was welcomed by many in the pig industry who naturally assumed that this welfare differentiator would be apparent to both trade buyers and consumers, and that it would be reflected in the market in terms of differential pricing.

7 In most cases, major retailers publicly committed in advance of the legislation being implemented in 1999 to restrict their sourcing of their own-label pigmeat purchases to either British raw material or imported raw material which was produced to equivalent legal welfare standards. In both Denmark and the Netherlands, some pig producers have subsequently farmed to what is known as the “UK contract”, and have production systems which do not use sow stalls. Their aspiration is to derive a premium for their pigs when sold, reflecting the notion that UK trade buyers have a demand for UK-equivalent produced pigs, to satisfy the specification laid down by their UK retailer customers. In crude terms the premium available to those European farmers producing to the “UK contract” is equivalent to the extra costs faced by UK pig farmers.

8 However extensive analysis by BPEX has shown that some 70% of the pig meat imported into the UK is produced to lower welfare standards than those which are mandated by law for UK production. In other words only some 30% of the pig meat imported derives from those EU farming systems which are specifically tailored to the UK market under the provisions of “UK contract” terms.

9 Does this mean that 70% of UK consumers do not care about animal welfare (and MLC research would suggest otherwise), or does it imply that for much of the time they are not in a position to discriminate on the grounds of available market information?

(Annex A shows examples of policy statements made by major retailers regarding their sourcing policies)

(*Annex B shows the BPEX Imports Report 2006)*

TERTIARY BRANDS AND RETAILERS’ PURCHASING SPECIFICATIONS

10 The supplementary report correctly identifies a number of factors which affected both the production levels of pigs in the UK and the profitability of pig farming in the UK over the last decade; indeed self-evidently the two are linked.

11 But what it fails to do is to examine the effect of retailers’ stocking and sourcing policies and the extent to which these may have exacerbated some of these trends. The question we pose is whether or not the market worked effectively and whether or not consumers were well served by retailers’ actions since 1999.

12 It could be reasonably expected that following the stocking policy declarations of the major retailers that their own-label pigmeat would either be sourced from the UK or sourced from UK-equivalent welfare systems elsewhere in the EU, and that all the fresh pork, ham, bacon and sausage on retailers’ shelves would conform to that specification. As is generally acknowledged the vast majority of fresh meat in the UK market is own-label.

13 But what we observed, especially in the period 2000-2005 was the growth particularly of tertiary-branded fresh pork and bacon. These packs were typically devoid of any reference to the retailer’s own name, instead bearing a range of brand names many of which implied or inferred British origin. In some cases these packs bore information about the origin of the pork therein, and in strict terms these tertiary-branded packs were not illegal in terms of labelling legislation; although there is strong evidence from consumer research conducted

by MLC that shoppers generally find it difficult to ascertain easily the origin of meat products when they are imported, and especially so in the case of tertiary branded packs. These tertiary brands received no advertising or marketing support in the conventional way in which branded food products are promoted. Instead they were typically the "cheapest on display" pork product on the shelf, often sold as part of a multibuy deal, Buy One Get One Free offer, or similar.

(Annex C shows photographic examples of tertiary-branded fresh pork products sold variously during 2005 and 2006)

THE EFFECT OF TERTIARY BRANDS OF PIGMEAT

14 Our contention is that some retailers used the tactic of stocking tertiary brands to maximise their own profitability at the expense of the consumers' best interests and at the expense of UK pig farmers. Consumers were inadvertently hoodwinked into buying low-welfare products, and farmers saw farm gate prices being undermined.

15 By stocking tertiary branded pigmeat products, especially pork, the retailers in question were able to retain their adherence to various statements that they "stocked under their own-label range only UK pork or imported pork produced to UK standards". From a corporate affairs or CSR perspective they appear on the surface to have retained their integrity.

16 But by requiring their pigmeat wholesale suppliers to provide them with tertiary-branded products, they were able to stock large volumes of cheaper imported pork produced to inferior welfare standards, sell it to their customers in a way which did not give any indication that it was produced to lower standards, and thus deny to British pig farmers a volume opportunity which would have helped to raise demand for their pigs. Therefore the usual economic laws of supply and demand, which would have produced either an increase in British pig production or a greater increase in price, or a combination of the two, were artificially constrained.

17 This was not in the interests of consumers, who were effectively being "passed off" with lower welfare pigmeat, despite the fact that their own Government had legislated to set minimum standards for pig welfare. And it was certainly not in the interests of British pig farmers, who far from being able to enjoy 100% of the fresh pork demand from those retailers (on a level playing-field basis with those European farmers who did produce to similar standards), saw anything between 20 and 30% of fresh pork sales being taken up by tertiary brands. We have no access to the EPOS sales figures of the retailers in question, but our estimates of tertiary brand volume are that it accounted for around that proportion, certainly through 2004-5. Indeed, whereas in 1999 all fresh pork on retailers' shelves was British, this market share position was progressively eroded.

18 These retailer buying tactics were not illegal, but they can certainly be described as disingenuous or even cynical. And they did affect the farmgate price for British pigs. They certainly can be deemed to have "undermined the viability of pigmeat farming" in the UK, in direct contradiction of your conclusion in paragraph 57 of the supplementary report.

19 Your reference in the supplementary report in paragraph 54 to the share of the farmgate price enjoyed by British farmers is simplistically based on the assumption that the home-produced versus:imported ratio was the same between 1999 and 2006. In actuality it changed. Additionally the picture is distorted by the selection of 1999 as the base year for the data comparison. The farmgate price that year was well below the cost of production and had it not improved then indigenous pig production in the UK would have reduced even more dramatically than it has done. Your own table 4 in paragraph 46 shows that had a base year of 1996 or 1997 been used, then your figures in paragraph 54 would have looked very different.

20 Thus the selection of 1999 as the base year distorts the picture and give rise to a misleading interpretation that, colloquially, " pig farmers have done OK since 1999 and it is the poor processors and retailers who have struggled to increase returns". Whilst not having access to retailers' gross margins, we believe from anecdotal information from processors that retailers' margins on pigmeat have increased substantially over the last decade.

CURRENT STOCKING POLICIES

21 It would be remiss of us not to point out that all retailers have not been equally to blame for using the buying and stocking policy tactics itemised in this submission.

22 It would also be remiss of us not to point out that the problem of tertiary brands of fresh pork has to a great extent diminished in early 2007. Only one of the 4 biggest retailers now sells a cheaper range of imported "low welfare" fresh pork in a non own-label format. The market norm is now that, whilst all the major retailers continue to import fresh pork, that product is sold under their own-label and the sourcing specification is generally to UK welfare standards. The same cannot yet be said of retailers' bacon or ham ranges. Coincidentally a degree of stability has returned to the UK farmgate price as demand for UK product has been underpinned by a more certain retail demand environment.

23 We ascribe this change of policy on behalf of the retailers in question to the general growth of media and consumer interest in the provenance of food and food ingredients. But particularly it is a result of the focused efforts of BPEX together with the National Pig Association to make pig meat sourcing policies in general, and tertiary brands in particular, a key trade issue. We hope you will understand our frustration at the bald statement in the supplementary report that "there is little evidence to suggest that retailers have undermined the viability of pig meat farming".

30/04/07

ANNEX A

- Extract from Compassion in World Farming (CIWF) retailer survey, 2005-06 (Source CIWF website)

  Q. “What proportion of your company’s total UK sales volume of fresh and frozen pigmeat (both own label and branded) is produced from the progeny of breeding sows kept in stall or tether systems?”

Retailer	Asda	Co-op	M&S	Sainsburys	Somerfield	Tesco	Waitrose
% declared	0*	0*	0	4*	7.5*	0*	0*

(*data refers to own-label products only)

- Examples of policy statements made by major retailers regarding their sourcing policies (these statement were volunteered by retailers in 2005).

ASDA

Own Brand Pork

All own brand pork is produced from either British pigs or pigs reared to UK equivalent welfare specifications.

Own Brand Bacon and Gammon

All own brand bacon and gammon is produced from either British pigs or pigs reared to UK equivalent welfare specifications.

Own Brand Ham

All own brand British ham is produced from British pigs .

Own Brand Sausages

All “Extra Special” sausages are produced from British pork.

Branded Products

With respect to branded products, the retailer does not have direct control on the specification of raw materials.

CO-OP

Own Brand Fresh Pork
All own brand fresh pork is British.

Own Brand Bacon
All own brand bacon is produced from either British pigs or pigs reared to UK equivalent welfare specifications in Denmark or Holland.

Own Brand Ham
All own brand ham is produced from either British pigs or pigs reared to UK equivalent welfare specifications in Denmark or Holland.

Own Brand Sausages
75% of the own brand sausages are produced from British pork.

MARKS & SPENCER

This retailer does not feature the Quality Standard Mark on any of its products, HOWEVER, all of its pork and pork products come from independantly audited supply chains and meet UK welfare standards or equivalent.

Statement
'All our fresh pork, bacon, gammon, ham and sausages and all our prepared foods which contain pork as an ingredient, meet or exceed the NPA Best Practice Guidelines. All our pork products, which are 100% own brand, are produced to our own livestock specifications and exceed the UK legal minimum requirements for pork production.'

MORRISONS

Own Brand Fresh Pork
All fresh pork, including burgers and processed fresh pork products, is British. The only exception being a limited quantity of Irish pork chops, however these animals were reared to a UK equivalent welfare standard.

Own Brand Bacon and Gammon

Wiltshire Cure Bacon sold over the counter is produced from British pigs.

Own Brand Ham

Some ham sold over the counter is produced from British pigs and is identified as British.

Ham sold in the prepack Carvery Range is produced from British pigs.

Own Brand Sausages

Sausages sold over the counter are produced from British pigs and identified as British. ‘Butchers Style’ Sausage range and ‘The Best’ range are also produced from British pigs.

Branded Products

No information has been received from the retailer about branded products sold in its supermarkets.

SAINSBURY’S

Own Brand Pork

All own brand fresh pork is British pork and carries the Quality Standard Mark.

Own Brand Fresh Sausages

All own brand Fresh Sausages are made from British pork.

Own Brand Bacon

Own brand bacon is produced from either British pigs or pigs reared to UK equivalent welfare specifications in Denmark or Holland.

Own Brand Ham

With the exception of Square Cooked Ham and JS Wafer Thin Ham, own brand ham is produced from either British pigs or pigs reared to UK equivalent welfare specifications in Denmark or Holland. The retailer is currently reviewing its sourcing policy with regard to its square cooked and wafer thin ham ranges.

Branded Products

With respect to branded products, the retailer does not have direct control on the raw material specification. Such products do not carry the the retailer's brand on their labels, and are likely to bear manufacturers' brand names or to be labelled 'Special Purchase', with the name of the supplier on the label.

SOMERFIELD

Own Brand Pork

'Standard' fresh pork range is sourced from the UK or to UK equivalent welfare specifications from Ireland or Denmark. 'Good Intentions' fresh pork is sourced from the UK or to UK equivalent welfare specifications from Denmark.

Own Brand Bacon

'Standard', 'So Good' and 'Good Intentions' ranges is sourced from the UK or to UK equivalent welfare specifications from Denmark or the Netherlands.

Own Brand Ham

'Standard', 'So Good' and 'Good Intentions' ranges is sourced from the UK, or to UK equivalent welfare specifications from Denmark.

Own Brand Sausages

'Standard', 'Butchers Selection', 'So Good' and 'Good Intentions' ranges is made from pork from the UK or from pork produced to UK equivalent welfare specifications from Denmark or the Netherlands.

Branded Products

No information has been received from the retailer about the branded products sold in its supermarkets.

TESCO

Own Brand Pork

All own brand pork is produced from either British pigs or pigs reared to UK equivalent welfare specifications.

Own Brand Bacon and Gammon

All own brand bacon and gammon is produced from either British pigs or pigs reared to UK equivalent welfare specifications.

Own Brand Ham

All own brand ham is produced from either British pigs or pigs reared to UK equivalent welfare specifications.

Own Brand Sausages

All own brand sausages are produced from either British pigs or pigs reared to UK equivalent welfare specifications.

Branded Products

With respect to branded products, the retailer does not have direct control on the specification of raw materials.

WAITROSE

This retailer does not feature the Quality Standard Mark on any of its products, HOWEVER, all of its pork and pork products come from independantly audited supply chains and meet UK welfare standards or equivalent.

Own Brand Pork

All own brand Fresh Pork is produced from British pigs.

Own Brand Sausages

All own brand sausages are made from British pigs.

Own Brand Ham

All own brand ham is produced from either British pigs or pigs reared to UK equivalent welfare standards in Denmark.

Own Brand Bacon

All own brand bacon is produced from either British pigs or pigs reared to UK equivalent welfare standards in Denmark.

ANNEX B

IMPORTS REPORT

An Analysis of Pork and Pork Products Imported into the United Kingdom

Mick Sloyan
Chief Executive

April 2006

Quality Pork Standard

BPEX
British Pig Executive

BPEX
British Pig Executive

AN ANALYSIS OF IMPORTED PORK AND PORK PRODUCTS INTO THE UNITED KINGDOM

1. Executive Summary

- Imports of pork and pork products reached 858,000 tonnes (product weight) in 2005, an increase of 35% since 2001. This meant that 61% of all pork and pork products eaten in the UK last year was imported.
- Fresh and frozen pork imports have increased by 77% over the last 5 years and now represent almost half of all imports.
- The main supply countries are Denmark and the Netherlands. Other suppliers included France, Germany, the Irish Republic, Spain, Belgium and Poland.
- An estimated 68% of all pork and pork products eaten in the UK was sold through retail outlets. Within this sector supermarkets are dominant, selling 76% of pork, 81% of bacon and 86% of other processed products.
- Imported pork is being sold increasingly through retail outlets and mostly at discounted prices. For example in late 2005/early 2006 imported pork chops and leg roasting joints averaged 20-23% less than the equivalent home produced product.
- Imported bacon is also being used for deep cut price promotions selling, on average, at 6% to 30% below the equivalent UK product.
- An increasing amount of pork and pork products is being sold under 'tertiary' brands. Most of the major retailers have declared specifications for own brand products but state they have no control over tertiary brands. In many cases the own brands and tertiary brands are packed by the same suppliers.
- In 2005 less than half of the bacon manufactured in the UK came from British produced pork.
- In 2005 an estimated 70% of pork imports would have been illegal to produce in the UK on the grounds of pig welfare. This is up from 66% in 2004.
- The number of pigs produced in supply countries under so-called 'UK contracts' has fallen, despite price premiums being paid to producers in those countries. The reason stated is an apparent lack of demand from UK retail and food service buyers.
- Consumer research indicates that British consumers remain very concerned about imports of pork and pork products that fail to meet UK pig welfare legislation. More than 90% of the consumers questioned 'agreed' or 'agreed strongly' that all pork should be produced to UK welfare standards and that it should not be imported if it does not meet UK legislation standards.
- In conclusion the report indicates that in 2005 it seems clear that the growing focus of import demand is price driven at the expense of animal welfare.

2. Background

The United Kingdom has always engaged in international trade in pork and pork products. Strong demand for bacon in particular meant that there has always been a need to supplement UK production. However, in the last five years there has been a dramatic growth in imports, virtually all from within the European Union. This report examines this expansion in imports, their distribution in the market, the standards regarding sow welfare and the attitude of consumers.

3. How much does the UK import?

Imports of pork, pork products (such as bacon, ham, sausages etc) and live pigs for slaughter (converted to a carcase equivalent) reached a total of 858,000 tonnes in 2005. This meant that 61% of all the pork and pork products eaten in the UK last year was imported.

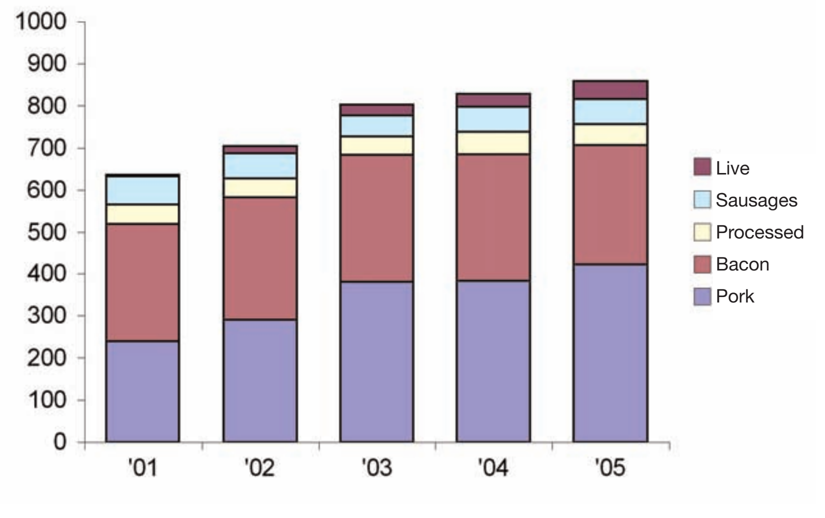
In recent years total pork and pork product imports have been rising steadily. Between 2001 and 2005 imports increased by 35%. There have been differing trends for the various product categories. Pork imports (mostly fresh) have increased by 77% over the last 5 years and now represent almost half of all pork and pork product imports.

Bacon imports changed little over the period although they had increased slightly up to 2003 [1].

Sausage and other processed pork products imports have remained stable.

Live pig imports, which are virtually all slaughter pigs from the Irish Republic going to Northern Ireland have increased by almost 10 times. From being relatively insignificant in previous years the position last year was that more than 550,000 pigs were imported which is the equivalent of 42,000 tonnes of pork (carcase weight).

Figure 1 Total pork and pork product imports



[1] *The recorded volume of imports of bacon from Denmark into the UK and recorded exports of bacon from Denmark to the UK show a significant variance in 2005. Therefore until this anomaly can be resolved it has been assumed that imports of bacon from Denmark in 2005 were unchanged on a year earlier.*

Where do imports come from?

Pork imports are dominated by Denmark and the Netherlands. Together these two countries account for 55% of all imports (Den 43%, NL 12%). Other countries of significance include France, Germany, the Irish Republic and Spain.

In 2005 Danish imports increased by 26% compared with a year earlier. Although at a lower level imports also increased from Spain (+19%), France (+7%) and the Irish Republic (+3%). The Netherlands (-16%) and Germany (-4%) declined.

Other sources of pork imports included Belgium (11,000 tonnes), USA (3,000 tonnes) and Poland (2,000 tonnes).

Figure 2 Pork imports

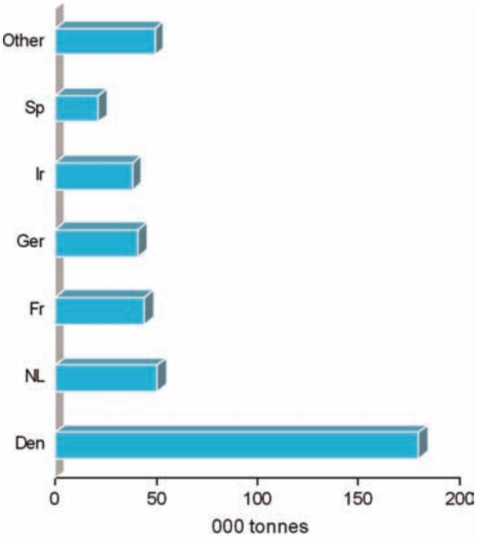
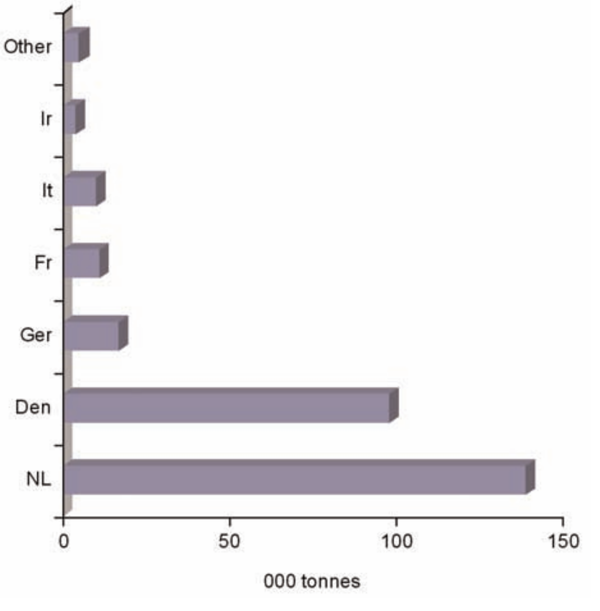


Figure 3 Bacon imports



Bacon imports are dominated by the Netherlands and Denmark. Despite imports from the Netherlands falling in 2005 they remained the largest supplier to the UK. A notable feature was the 82% rise in bacon imports from Germany. After a number of years of German pork being exported to the Netherlands for curing, industry reports indicate that a number of companies are now manufacturing bacon in Germany before shipment to the UK.

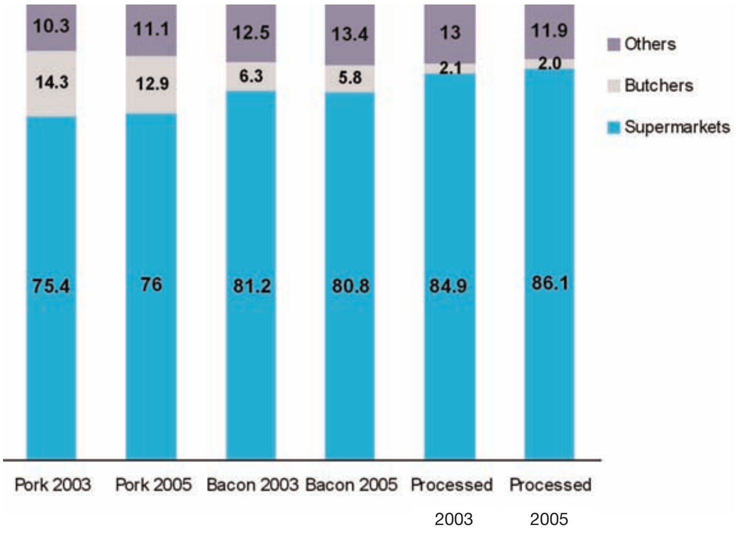
Where are pork and pork products sold?

In 2005 an estimated 68% of all the pork and pork products eaten in the UK was sold through retail outlets. The remaining 32% was sold through food service outlets.

The retail market for pork and pork products is split between fresh pork (24%), bacon (37%) and other processed products (39%) (mainly ham, sausages and pies).

The retail market is dominated by supermarkets that accounted for 76% of pork sales, 81% of bacon and 86% of other processed pork products.

Figure 4 % Retail sales of pork, bacon and other processed pork by outlet



Where are imported pork and pork products sold?

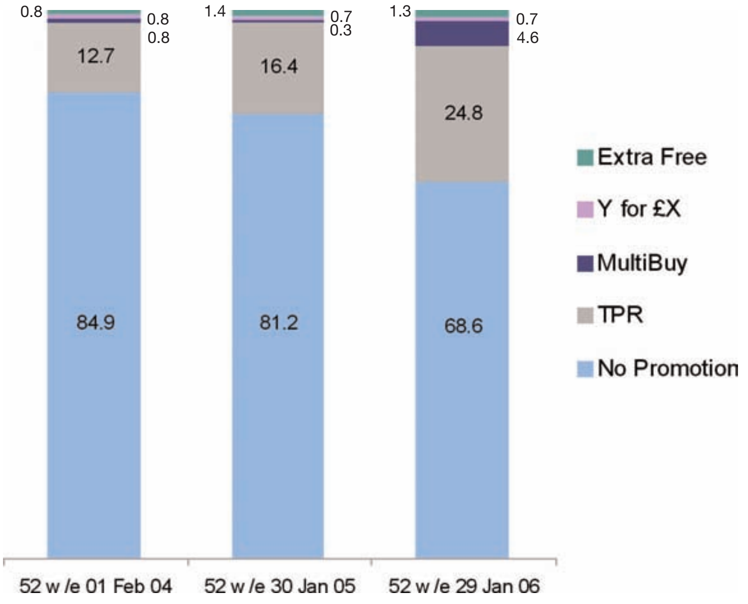
It is estimated that the majority of imported pork and pork products (60%) is sold through retail outlets, mostly supermarkets. The situation varies depending on the specific product.

Pork. It is estimated that in 2005 approximately 50,000 tonnes of imported pork was sold directly through retail outlets. This volume has been growing rapidly in recent years. In 2001 about 85% of the fresh pork on sale in the UK came from British pigs. In 2005 it is estimated that this has fallen to 71%.

Market research shows that in 2005 there was a sharp rise in the volume of pork sold on "promotion". For example sales of pork chops/steaks on promotion went from 19% to 31%. This was mostly temporary price reductions and "multi-buy".

The research data also indicates that it is mainly imported pork being used in these price-driven promotional deals. For example in the period between September 2005 and February 2006 the price of prepacked imported pork chops sold at retail was on average 23% lower than home produced (average range from 14% to 31%). For leg roasting joints the price of prepacked imported leg roasting joints average 20% below the equivalent home produced price.

Figure 5 Fresh prepacked pork chops/steaks – promotional activity – volume %



The way in which imported pork is sold has also changed in recent years. The growth in sales of imported fresh pork has been accompanied in many cases by the use of 'tertiary brands' as opposed to the retailer's own label. Tertiary brands, which have been described as 'flags of convenience' are different from national brands in that they are not independently promoted to consumers and are often dedicated to specific retailers. Tertiary brands either use the processors existing name (for example, Tulip, Cranswick Country Foods, Roach Foods), a previous company name (for example, Harris) or a name used to convey a positive rural impression (for example, Abbey Fayre, Country Choice, Green Pastures, Cook's Choice, Suffolk Choice) although they often contain imported pork.

The labelling of tertiary brands and some supermarket own brands can often be misleading for consumers. Research conducted in October 2005 (Market Tools) showed 16 different pork and pork product labels (with own brand and tertiary brand) to 1,200 consumers and asked if they could clearly identify the country of origin. 5 of the 7 own label products were rated 'very clear' or 'quite clear' by more than 50% of consumers. Of the 9 tertiary brands, 7 were rated 'very clear' or 'quite clear' by less than 5% of consumers.

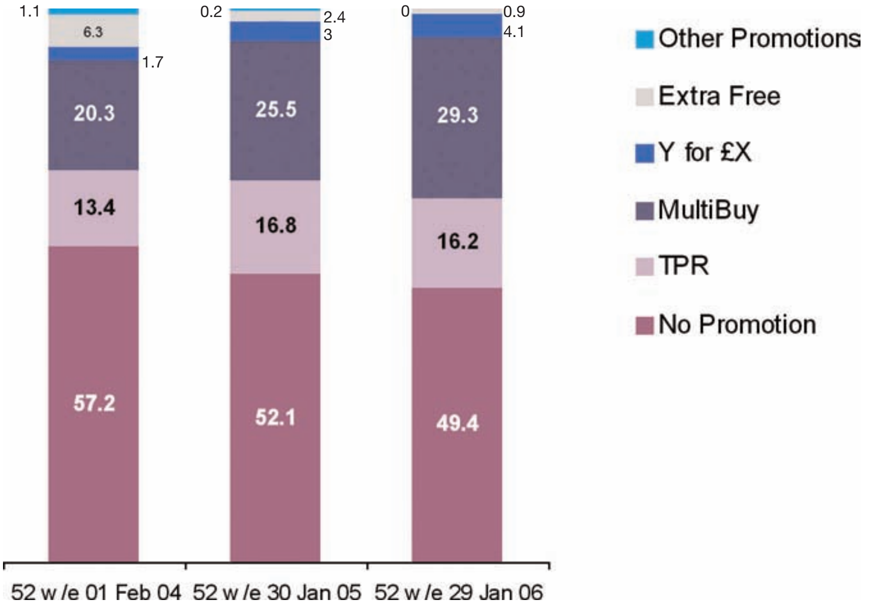
In a separate survey a sample of 1,200 consumers were asked if 'The country of origin of the pork that I buy is important to me?' In reply 68% of consumers stated they 'agreed' or 'agreed strongly' with the statement.

Bacon. It is estimated that in 2005 approximately 320,000 tonnes of bacon was sold directly through retail outlets with the remainder being sold through food service.

In common with fresh pork there has been a growth in sales through promotions. In 2005 just over half of the prepacked bacon rashers sold at retail was on promotion. This compares with 48% in 2004 and 43% in 2003. The most popular method was "multi-buy" (ie two for one), followed by temporary price reductions.

The research data also indicates that imports are being used mostly in the price-driven promotions. For example between September 2005 and February 2006 market research shows the price of imported bacon rashers averaged between 6% and 30% less than the equivalent British product (identified Danish -6%, identified Dutch -20%, unspecified imported -30%).

Figure 6 Prepacked back rashers – promotional activity – volume %

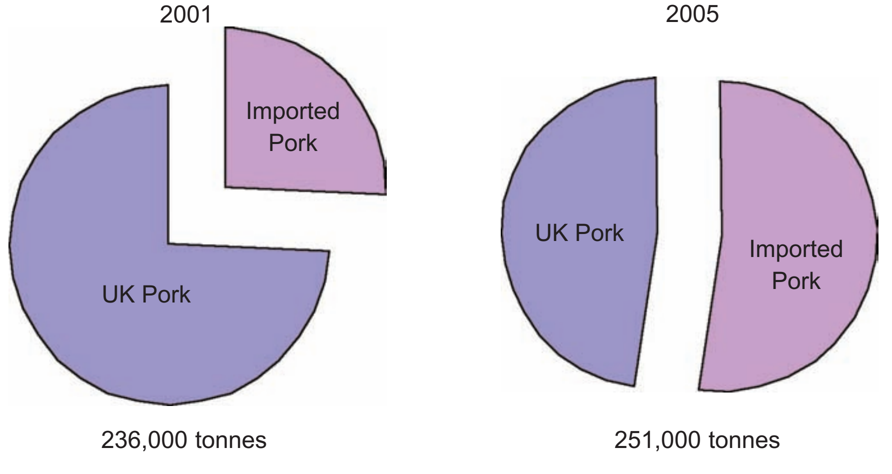


Is British bacon all British?

The market share of 'British' bacon has become increasingly unclear due to the steady rise in the use of imported pork (including pigs imported and slaughtered in Northern Ireland) in British bacon production.

Official statistics show that the amount of bacon produced in the UK in 2005 reached 217,000 tonnes. Total consumption of bacon in the UK in 2005 was 487,000 tonnes giving an apparent UK market share of 45%. However, as Figure 7 shows, last year for the first time more bacon was produced in the UK from imported pork than from UK pigs. In reality the market share of British bacon from British pigs in 2005 was only 21%.

Figure 7 UK Bacon production



Other processed products. It is estimated that the majority (65%) of imported processed products such as ham, salami and sausage products are sold through retail outlets. However, in common with bacon production a significant amount of pork legs are imported each year and processed into cooked ham in the UK. It is estimated that only 15%-20% of the cooked ham on sale in UK retail outlets comes from British produced pork.

Is country of origin labelling required?

It is clear that many consumers want to know the country of origin of pork and pork products. However, the law does not satisfy that demand by making country of origin labelling obligatory in relation to pork and pork products.

The Trade Description Act 1968 does not require country of origin labelling but does make it an offence to:

- Apply country of origin labelling which is false or misleading to a material degree; *or*
- Supply, or offer to supply food to which country of origin labelling is applied which is false or misleading to a material degree.

The approach taken in the Act is that goods are deemed to have been manufactured or produced in the country in which they last underwent a treatment or process resulting in a substantial change, which is likely to include the manufacture of bacon, ham and other products.

The Food Safety Act 1990 and the subordinate Food Labelling regulations 1996 also prohibit misleading labelling.

Directive 2000/13/EC on food labelling states that the labelling of food must not be such as could mislead a purchaser to a material degree, particularly as to its characteristics including, in particular, its nature identity, ... origin or provenance, method of manufacture or production.

The Food Standards Agency (FSA) considers that the Trade Descriptions Act approach is a reasonable working guide for the purposes of the Food Labelling Regulations 1996. However, the FSA is clear in their guidance on country of origin labelling (www.food.gov.uk/multimedia/pdfs/originlabelling.pdf) that:

"We recommend that, for origin labels for meat other than beef and veal (which are already subject to detailed rules):

- Single country origin declarations should only be given where animals have been born, reared and slaughtered in the same country.
- Otherwise information on each of the countries of birth, rearing and slaughter should be given."

Further in relation to pork products, the FSA notes that:

"If the place of origin of the food is not the same as the place of origin of its primary ingredients, it may be necessary to provide information on the origin of those ingredients.

For example Bacon or ham made in Britain using Danish pork should not be described as "British Bacon" or "British Ham" but could be described as "[imported] [Danish] pork [cured] [baked] [roasted] in Britain.

Pork sausage, made in Britain using pork from countries outside the UK should not be described as

"British pork sausages" but could be described as "made in Britain from [imported] [country of origin] pork [from more than one country]".

It is not known if and how many retailers and processors of pre-packed pork and pork products follow the FSA guidelines.

Do all imports meet UK pig welfare standards?

In January 1999 the United Kingdom introduced specific legislation that made the use of sow stalls and tethers illegal. The only other country in the EU to take the same action is Sweden. The Netherlands banned the use of tethers in 1996. From 2006 the EU banned the use of tethers in all 25 members states. The EU also agreed to the partial prohibition on the use of sow stalls from 2013. However, it is still permissible to have stalls on the pig unit and to use them for the first four weeks after mating. In the Netherlands sows can be kept in stalls for 4 days after mating. This applies to all new buildings and for all farms from 2013.

A number of European companies have introduced commercial contracts specifically aimed at supplying the UK market. These 'UK Contracts' focus on producing pigs to UK legal minimum standards and additionally generally prohibit the use of animal fats in feed. However, unlike UK Quality Assured production (more than 90% of UK output) these contracts allow castration. Price premiums are usually paid to producers under these contracts to cover the extra costs involved.

Commercial and trade contacts have been used to assess the number of pigs produced under 'UK Contracts'. Where possible 2005 data has been used, but if this is not available then information for 2004 has been used.

The trend among the major suppliers to the UK market is as follows:

Denmark The number of pigs produced under the UK contract has continued to fall despite the price premium of 3p/kg dw. In 2002 about 3.5 million pigs a year were produced under the UK contract (source: National Committee for Pig Production). In 2005 this had fallen to 2.2 million pigs (source:Trade estimate). The reason given for this trend is a lack of sufficient demand in the UK, particularly from many supermarket and food service buyers.

It is estimated that cuts from about 46% of the pigs produced in Denmark are exported to the UK of which less than half are produced under a UK contract.

Netherlands In 2004 about 2.7 million pigs were produced under the UK contract (source: Dumeco). No updated information is available for 2005 but it is thought that this number has fallen. Trade and government sources report that this is due to a lack of demand for UK welfare standard pork and bacon. It is estimated that cuts from nearly 90% of the pigs slaughtered in the Netherlands come to the UK of which only 20% are produced under a UK contract.

Irish Republic The rapid growth in live pig exports to Northern Ireland now means that cuts and carcases from just over 70% of pigs produced in the Irish Republic come to the UK. Trade sources indicate that just over 20% of national production would meet UK minimum standards.

France and Belgium require about 9% and 13% of their national kill to supply the UK market. Trade sources are not aware of any significant volumes of "UK Contracts" being offered, particularly in Belgium.

Spain The growing volume of imports means that cuts from about 2% of national output are required to supply the UK market. Trade sources are not aware of any UK contracts being available in Spain.

Overall the growth in imports of pork and pork products in 2005 and reduced production under 'UK contracts' has resulted in an increase in imports that do not meet UK welfare standards.

In 2004, two-thirds of pork and pork product imports would have been illegal to produce in the UK on the grounds of pig welfare. In 2005 this had risen to 70%.

What do British consumers think about this?

The weakening demand for UK welfare standard pork and pork products being expressed to supplying countries seems to conflict with the view expressed by British consumers in previous surveys.

Therefore, consumer research was conducted among 1,200 consumers making the questions more specific to pig welfare than in previous years.

The answers from British consumers were overwhelming.

93% of consumers 'agree' or 'agree strongly' that pork should not be imported if it does not meet the minimum standards of the UK.

90% 'agree' or 'agree strongly' that all countries production standards should be at least equal to those of the UK.

90% 'agree' or 'agree strongly' that all imported pork should be produced to the animal welfare standards of the UK.

Conclusion

Imports of pork and pork products continued to increase in 2005 indicating that demand in the United Kingdom remains strong. However, it seems to be clear that the growing focus of import demand is price driven at the expense of animal welfare. This is clearly at variance to the attitude of consumers. There has been a clear impact on the number of breeding sows in higher welfare 'UK contract' systems in the rest of Europe. As a consequence 70% of the increasing volume of pork and pork products imported into the UK in 2005 would be illegal to produce in the UK on the grounds of pig welfare.

The focus on price at the expense of production quality by buyers in the UK is also resulting in a sharp rise in pork and live pigs imported for further processing. This poses significant challenges for accurate labelling of pork, bacon, ham and other products sold through British retailers.

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ANNEX C

Photographic examples of tertiary-branded fresh pork product sold variously during 2005 and 2006

- “Abbey Fayre” pork chops
- “Sidney Hackett” pork loin steaks
- Cranswick “Special Purchase” pork leg joint
- “Green Pastures” pork loin steaks
- “Cooks Choice” pork loin steaks
- Roach Foods unsmoked back bacon
- Harris unsmoked back bacon


HAND PREPARED
8 PORK LOIN STEAKS
Country of Origin
900g
PACKED IN A PROTECTIVE ATMOSPHERE. KEEP REFRIGERATED. SUITABLE FOR HOME FREEZING, FREEZE ON DAY OF PURCHASE AND USE WITHIN ONE MONTH.
Central Pork Packers Ltd. The Old Chapel, Selby, North Yorks, YO8 8DA Tel:01757 213344
Special Purchase


CRANSWICK COUNTRY FOODS
PORK
BONELESS LEG JOINT
2.49
2.666
£6.64
EU
SPECIAL PURCHASE
COOKING INSTRUCTIONS
To Roast
1. Preheat oven to 190°C, 375°F, Gas Mark 5.
4. Leave to stand for 10 minutes before carving.
ALWAYS CHECK THAT THE PRODUCT IS PIPING HOT BEFORE SERVING.
FOOD SAFETY TIPS
To Freeze


GREEN PASTURES
Fresh
PORK
B/LESS LOIN STEAKS
UK
EEC
USE BY
Weight kg
Price per kg
01 MAY
625g ℮
£ 6.38
PACK PRICE
£3.99
PACKAGED IN A PROTECTIVE ATMOSPHERE.
Dungannon Meats Group, Granville Ind Est., Dungannon BT70 1NJ.
£3.99


COOK'S CHOICE
GARLIC LOIN STEAKS
Ideal for Grilling or Frying
PRODUCED IN A FACTORY THAT HANDLES SEEDS AND NUTS
INGREDIENTS:
USE BY:
£/Kg
WEIGHT/Kg
11APR
4.98
0.400
UK
7195
EEC
£
1.99
Dawn Meats (UK) Ltd., Cross Hands, Llanelli, SA14 6RF


UNSMOKED RINDLESS BACK BACON 2 x 200g ℮
INGREDIENTS
Lightly grill or fry
NUTRITIONAL INFORMATION
Roach Foods Ltd., Newtons Margate, Bodmin, Cornwall PL31 1HF
SERVING SUGGESTION
Roach foods
an excellent choice
Unsmoked
Back Bacon
Rindless
TWIN PACK
400g ℮ (2x200g ℮)
SPECIAL
TWIN PACK
£2.49
Suitable for Home Freezing
Best before
27MAYA
5110
Keep Refrigerated

HARRIS
Quality Bacon
Average
14 rashers of
UNSMOKED
RINDLESS
BACK
BACON
INGREDIENTS: Pork (87%), Water, Salt,
Packaged in a protective atmosphere.
Keep Refrigerated 0°C to 5°C
Product of the EU.
The Harris Brand,
PO Box 15, Ossett,
5 017326 115597
400g ℮
Serving Suggestion
USE BY
25 AUG B
£2.28