

Groceries Market Inquiry by Competition Commission

Submission by Compassion in World Farming

Compassion in World Farming (CIWF) welcomes the Competition Commission's inquiry into grocery retailing.

Because of the unfair and unequal competitive position as between leading supermarkets and livestock farmers, the retailers are able to reduce the prices paid to producers to very low levels. CIWF is concerned that the extremely low prices paid by many major retailers to producers of milk and meat make it extremely difficult for these farmers to produce to good animal welfare standards. Low prices discourage farmers from seeking to improve welfare and moreover lead to them looking for ways to cut costs which can involve lowering welfare standards.

Examples of this problem can be found in several livestock sectors:

The dairy industry

The price received for milk by dairy farmers has fallen substantially in recent years. Farmgate prices have fallen from 24.94p per litre in 1995 to 18.23p per litre in March 2006.¹

Low margins over many years have led to dairy farmers seeking to obtain ever higher milk yields per cow in an effort to reduce production costs per litre. These higher yields have primarily been achieved through genetic selection. The drive to high milk yields has led to a range of serious health and welfare problems including a high incidence of lameness and mastitis, chronic hunger, digestive disorders and production diseases (lameness and mastitis are multi-factorial in their causation, but high milk yields are an important contributory factor).² The pressures on high yielding cows are so great that many are prematurely culled after just 2-3 lactations due to infertility and severe loss of body condition.

Lameness, which is often extremely painful, is the most serious problem. Professor John Webster of the University of Bristol, the UK's leading expert on dairy cow welfare, writes that most surveys in Europe report that about 50% of dairy cows go lame in any one year and about 20% are lame at any one time.³

High yielding cows need to be fed concentrated diets, which some farmers believe can best be supplied by keeping cows in zero-grazing systems in which they have no access to the outdoors and pasture. CIWF believes that

¹ Data from Department of Environment, Food and Rural Affairs

² Webster J., 2005. Animal welfare: limping towards Eden. Blackwell Publishing, UK.

³ As 2.

such systems are so far removed from cows' natural environment that they should be prohibited.

The above problems are being exacerbated by the tendency of certain major retailers to reduce yet further the price they pay for milk and other dairy products. This is making it extremely difficult for dairy farmers to address welfare problems. The proper answer to the welfare problems that beset the dairy industry is to move away from high yielding animals to cows with lower yields that are more in balance with cows' physiological capacities. Such a change would be almost impossible in the current climate of decreasing prices being paid to dairy farmers.

The low prices received by dairy farmers for milk leads them to look for other ways of augmenting their income such as exporting young male dairy calves to be reared for veal on the continent. We believe this trade to be inhumane. The calves suffer greatly during the long journeys. Moreover, once on the continent, many will be reared in barren units in which they are kept on concrete or slatted floors without any straw or other bedding. Such systems are illegal in the UK as our legislation requires that calves be provided with appropriate bedding.

Broiler (meat) chickens

Here too low prices and squeezed margins contribute to low welfare. In order to keep production costs to a minimum, broiler chickens are often kept in severely overcrowded conditions. Moreover, today's broilers have been pushed (through genetic selection) to reach their slaughter weight very rapidly. The legs fail to keep pace with the rapidly growing body and often buckle under the strain of supporting it. As a result each year millions of broilers suffer from painful, sometimes crippling leg disorders. The heart and lungs, too, cannot keep pace with the overgrown body and millions of broilers succumb to heart failure each year.⁴

A recent study produced for the Department of Environment, Food and Rural Affairs by the University of Exeter & ADAS found that the margin on producing a broiler chicken was just 1.9 pence in 2005; the corresponding figure in 2002 was 3.0 pence.⁵ A margin of 1.9 pence gives very little scope for improving welfare and indeed encourages farmers to look for ways of reducing costs which can include increasing growth rates and/or increasing stocking density both of which lead to lower welfare.

Pigs

Similar problems face the pig industry with the low prices paid by many retailers making it very difficult for farmers to improve the poor conditions in which many pigs are kept and encouraging the introduction of lower welfare standards in order to cut costs. For example, leading figures in the pig world have confidentially warned that the squeeze on retailer prices could lead to farmers raising their pigs to a greater weight in order to reduce production

⁴ European Commission's Scientific Committee on Animal Health and Animal Welfare's report on the Welfare of Chickens Kept for Meat Production (Broilers). 21 March 2000, Brussels, Belgium.
http://www.europe.eu.int/comm/food/fs/sc/scah/out39_en.pdf

⁵ Sheppard A and Edge S. Economic and operational impacts of the proposed EU Directive laying down minimum standards for the protection of chickens kept for meat production.

costs per kg. If pigs are kept to a greater weight, they may become sexually mature before slaughter and their meat could be affected by 'boar taint'; this would lead to pigs being castrated, a practice that has largely disappeared in the UK.

Conclusion

Some major retailers exploit their competitive position vis a vis livestock farmers to pay extremely low prices for meat and milk. This inevitably leads to poor animal welfare standards as farmers on low margins cannot improve welfare and indeed look for ways to reduce costs which will almost certainly have a detrimental impact on animal welfare. CIWF urges the Competition Commission to acknowledge this problem and to find ways of requiring retailers to pay a fair price to producers which would give them the opportunity to rear animals to good welfare standards.

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