



House of Commons  
Environment, Food and Rural  
Affairs Committee

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# **Poultry Farming in the United Kingdom: Government Reply to the Committee's Report**

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**Fourteenth Special Report**

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### Committee staff

The current staff of the Committee are Gavin Devine (Clerk), Fiona McLean (Second Clerk), Jonathan Little and Dr Kate Trumper (Committee Specialists), Mark Oxborough and Louise Combs (Committee Assistants), and Anne Woolhouse (Secretary).

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# FOURTEENTH SPECIAL REPORT

The Environment, Food and Rural Affairs Committee reported to the House on *Poultry Farming in the United Kingdom* in its Thirteenth Report of Session 2002–03, published on 23 July 2003 as HC 779-I. The Government's Reply to the Report was received on 17 October 2003.

## Government response

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### Introduction

The Government welcomes this report.

Historically, the egg and poultry industries have both been success stories and this was recognised in our memorandum of evidence submitted to the Committee. But we are well aware that these industries face a number of serious challenges in the near future and those are reflected in the Committee's report and recommendations.

Both industries have a strong record of self-reliance, product development and innovation, and we have made clear our view that significant Government intervention in the way the egg and poultry industries operate does not represent the way forward. From the industry's perspective, the principal need is for Government to avoid unnecessary burdens or obstacles, while ensuring that standards – environmental, animal health and welfare etc – meet public requirements. As we have already made clear, our priorities in this sector are therefore to:-

- continue to act where there is clear evidence of illegal competition from third countries;
- work within overall government policy to achieve satisfactory WTO outcomes;
- domestically, and in international negotiations, strike an appropriate balance between need for regulation and overburdening industry;
- in line with the Government's wider Sustainable Farming and Food Strategy, encourage industry to look increasingly towards value added/premium products, while recognising that this sector has already made significant moves in this area;
- support poultry industry participation in Defra's sustainability forum; and
- continue to participate fully in EU negotiations on animal welfare issues affecting the egg and poultry industries.

## **Poultry Meat Sector**

### **Recommendation 1**

**We agree that assurance standards in the meat poultry sector are primarily a matter for the industry, although consumers are obviously interested parties. We are concerned that some standards are below those contained in Defra's welfare codes, and consider that the industry should bring its codes and standards up to those set by Defra. In addition, Defra should consider its codes in the light of current academic work and, if necessary, revise them accordingly. We recommend that Defra should then bring forward proposals to enforce the standards outlined in its welfare code (paragraph 18).**

As the Committee acknowledges, assurance standards are primarily a matter for the industry but we have drawn the Committee's recommendation to the attention of Assured Food Standards, which is currently reviewing the animal welfare standards in assurance schemes that use the Red Tractor logo. The review of the Defra welfare codes is an ongoing process and we recognize the need to take account of advances in research and development as well as good industry practice. Those responsible for keeping farm animals are required by law to be familiar with and have access to the relevant welfare codes.

The Government believes that food assurance schemes have the potential to deliver a range of benefits for consumers, including contributing to the range of choice of foods produced in different ways. Research and consultation by the Food Standards Agency highlighted a number of concerns about assurance schemes; particularly about the involvement of consumers in schemes, and the ways in which scheme standards are communicated to consumers. When industry groups choose to operate schemes they must follow clear guidelines to allow consumers to benefit.

FSA advice provides that schemes should:

- a) set minimum production standards (taking proper account of consumer interests);  
and
- b) inspect and maintain the application of these standards.

### **Recommendation 2**

**We welcome the development of legislation on welfare standards in the poultry meat sector that will apply across the European Union. We hope that Defra and all stakeholders will play a positive and critical role in the development of a welfare directive, in order to permit its adoption and implementation as quickly as possible. Defra must therefore ensure that it allows adequate resources to achieve this (paragraph 19).**

The development of minimum welfare standards across the European Union is an important step. We recognise the importance of involving industry at the earliest opportunity and will work with all stakeholders to develop the Government's policy on the review of the laying hens Directive and forthcoming meat chicken welfare Directive.

Although the European Commission has yet to issue proposals, Defra is arranging workshops through ADAS to discuss the development and implications of an EU directive on meat chicken production. These workshops will take place in the New Year and will provide an opportunity for the poultry industry to inform the UK negotiating position.

## Egg Sector

### Recommendation 3

**We believe that a science-based solution must be found to the welfare issues related to enriched cages. We suggest that the framework of the five freedoms outlined by the Farm Animal Welfare Council should be carefully considered as the basis for any decision. We welcome the co-operation between Defra and the industry in the research into 'colony cages' (paragraph 25).**

The Five Freedoms form a basis for the assessment of welfare within any system. Both Defra and industry have research programmes which aim to evaluate the development of new systems of production.

### Recommendation 4

**Defra should reconsider its decision not to ban enriched cages only when the research work into enriched cages is completed (paragraph 26).**

The Government announced in March 2003 that a decision on the future of enriched cages would not be made until the Agriculture Council next considers the welfare of laying hens directive in 2005. By then it is hoped we will be in a strong position to address some of the questions on the welfare concerns of enriched cages as research programmes are completed. The Government believes that any changes should apply to all EU producers, not just those in the UK.

## Addressing Animal Welfare Concerns

### Recommendation 5

**The Government should commission research and develop proposals relating to animal welfare (paragraph 28).**

The Defra research and development programme is used to provide a sound scientific base to support the achievement of the highest possible welfare standards, particularly in negotiating in the EU and Council of Europe. One aim of the programme is the development of production systems, which improve welfare.

### **Recommendation 6**

**Defra should continue its consultation on sustainable procurement with other Government departments, emphasising the legal requirements that already apply to poultry farmers and those that will apply in future. In consultation with the Office of Government Commerce, it should consider developing standard tender documents for all Departments to use (paragraph 30).**

As part of the public sector food procurement initiative, Defra plans to develop model specification clauses and conditions of contract that would require suppliers of poultry to ensure that the methods used for farming and processing the finished products meet appropriately high standards.

This would be in line with general guidance on procurement of food and catering services for the public sector that Defra has published on its web site. In that guidance priority is given to farming and food production standards. Authorities are advised to set criteria for food safety, production and process methods, animal welfare and environmental protection in their technical specifications that are consistent with the standards set by assurance schemes. Buyers can accept products certified as meeting the standards of such schemes and be assured that regular documented independent inspection of the farmers and growers has been undertaken to ensure that they are producing primary agricultural products according to foundation standards.

The public procurement rules allow suppliers to furnish means of proof of contract compliance other than certified and labelled products. Suppliers have the option of providing alternative evidence such as technical dossiers, auditors' reports and test reports. This is to ensure that the specification and the means to assess the conformity with the specification do not result in the reservation of the contract to national or local companies.

Furthermore, in pursuance of their duty to obtain value for money, Authorities must ensure that any price premium paid for higher standards is justified by the particular requirement and consistent with their stewardship criteria for affordability, efficiency and effectiveness. Additionally there is a need to cover EU hen welfare standards if these are not included under existing assurance criteria. The drawing up of such specifications is therefore fairly complex and will require Defra to liaise with key bodies such as the Office for Government Commerce, the FSA and also procurement managers elsewhere in the public sector to ensure they are practicable.

### **Recommendation 7**

**We accept the Minister's argument that Government should not subsidise producers for obeying the law but conclude that this in turn imposes a requirement on Government to legislate only when strictly necessary. If Government cannot demonstrate that the costs of the legislation to those affected are proportionate to improved standards, it must question the reasons for proposed legislation (paragraph 31).**

An assessment of the costs and benefits of proposed legislation is carried out by the Government through the Regulatory Impact Assessment process. Any decisions on proposed legislation will take this into account along with other available scientific, economic and veterinary evidence.

### **Tariff Protection**

#### **Recommendation 8**

**We believe that it is essential for those who wish to sell in our national marketplace to meet the standards expected of our own producers, though we accept that this requires common European Union standards and common enforcement at European ports (paragraph 37).**

As the Committee recognises, whilst we understand domestic producers' concerns over imports from countries with different standards of animal welfare legislation, WTO rules do not permit us to restrict trade in products based solely on the method of production. Restrictions can only be applied where there is a threat to human, animal or plant health in the importing country.

The UK and EU have pushed hard to get animal welfare recognised in the current WTO negotiating round. We will of course continue to engage with the Commission and other Member States on this issue to do all we can to ensure the most favourable outcome possible for UK producers, and continue to work to raise broader animal welfare standards internationally by building trust and understanding for the EU's position on standards.

#### **Recommendation 9**

**We believe that efforts should be made to ensure that accurate labelling of production and processing methods is required. The Government and its European Union partners must work within the WTO to highlight the concerns our consumers have. They should explore with the WTO how existing rules can be interpreted and ultimately press for the reform of rules on production and processing methods to allow distinctions to be identified (paragraph 39).**

As the Committee recognises in paragraph 38 of its report, the introduction of a non-tariff barrier such as labelling is likely to be a clear breach of the WTO Agreement on Technical Barriers to Trade (TBT) and subject to the WTO's dispute proceedings. The TBT is a means to ensure that WTO members only use such measures in accordance with agreed principles.

Furthermore, competence to make proposals that impact on trade rests with the European Commission in consultation with EU member states. Whilst we can pursue this issue with our EU partners, we cannot unilaterally enter into negotiations within the WTO. Consequently, whilst the Government acknowledges the Committee's concerns in this area, any progress is likely to be very limited.

## Animal Welfare Payments

### Recommendation 10

**In the light of the revised EU rural development rules, Defra should indicate at the earliest possible opportunity whether, and to what extent, it plans to amend the England Rural Development Programme to include animal welfare payments, and what level of total payments are realistically foreseeable (paragraph 42).**

Defra's initial view is that the new measures do not provide strong grounds for the diversion of resources away from the existing England Rural Development Programme (2000-2006). The objective and principles of the animal welfare option are welcomed, but since extra funding (beyond that already required for the introduction of an entry-level agri-environment scheme) will not be available, very difficult decisions on reductions in other schemes would have to be taken if it was wished to broaden the ERDP in this way. However, Defra's consultation letter, on the CAP Reform package, issued on 22 July seeks views on this issue. Further consultations will take place over the coming years on the arrangements, objectives and priorities for rural development expenditure over the next programming period (2007-2013).

## Import Quality

### Recommendation 11

**We recommend that Defra should consider what steps it can take to increase confidence among the industry, politicians and consumers that imports from inside and outside the European Union are appropriately checked and conform to Union standards. Defra should also address concerns about the lack of action taken against those who infringe food safety and labelling rules (paragraph 47).**

We acknowledge that there is concern about imports from third countries of animal products for human consumption.

Under EU harmonised requirements, poultry meat and eggs imported into the UK from a non-EU country (third country) must meet import conditions set out in EU law which ensure that imported produce meets standards equivalent to those applied to Community produce. Consignments of products from third countries may only be imported into the EU via an authorised Border Inspection Post (BIP) where they are subjected to inspection by an official veterinarian to ensure that the import conditions are met. The detailed rules under which these checks are carried out are also set out in Community law and Defra has in place a programme of regular visits to BIPs to ensure the checks are carried out correctly.

Within the European Community, minimum standards of production are set out in Community law and are enforced by the authorities in the producing Member State. Products introduced from another Member State may be subject to random, non-discriminatory checks at the point of destination and may be inspected en route if there are grounds to suspect that the products pose an animal or public health risk.

In response to the Committee's recommendation, Defra is happy to consider new ways to increase the confidence of industry and others in the system of checks on imported produce. In the short term we will establish a liaison group with representatives of the poultry industry and consumers to discuss their concerns about import checks. The FSA would also take part in such a group, given their policy responsibility for food safety aspects of all imported food.

The FSA is already taking several actions to ensure correct labelling of food as well as ensuring that unsafe poultry are not allowed into the food chain:

- a) it is working with Local Authorities (LAs) to follow-up and prevent poultry meat containing unauthorised or illegal veterinary residues from entering the food chain. Where illegal residues are found the meat is destroyed;
- b) in the case of chicken with added water, the FSA in collaboration with 20 LAs is taking follow-up actions (in terms of formal (court) action and warning letters) against offenders. LAs are maintaining a continued watching brief/monitoring of the sector;
- c) it is also working with the Dutch authorities to increase sampling and inspection of plants supplying the UK market. As a result formal action has been taken against five Dutch companies;
- d) it has successfully lobbied the European Commission to tighten up the labelling requirements for products with added water. A proposal will be discussed in September; and
- e) It has requested that the Commission considers a cap on added water of 15% and a ban on non-poultry proteins. The Commission is actively considering this proposal.

The issue of import quality has been of concern to the Advisory Committee on Animal Feedingstuffs, which was established to advise on the safety and use of animal feeds and feeding practices, with particular emphasis on protecting human health and with reference to new technical developments. At the time it reviewed the issue in 2001-2002, however, there were few controls available in this area.

There are two measures under negotiation in Brussels which will impact on imports of food and feedingstuffs from third countries, as well as imports of food. Both measures were prefigured in the Commission's White Paper on Food Safety, published in January 2000:

a) a Regulation on official feed and food controls will cover operational criteria for competent authorities and control staff, control methods, rules for emergencies, certification, and reference laboratories. These controls will also apply to imports of food and feed products from third countries exporting to the EU, which will be subject to Community audit to confirm compliance or equivalence of their legislation with the EU's, to have a control plan to ensure adherence to these conditions, and to provide guarantees of this prior to inclusion on the Commission's list of approved exporting countries. Non-complying products would be refused entry to the EU; and

b) a Regulation on feed hygiene will cover improved traceability of ingredients, Hazard Analysis of Critical Control Points (HACCP) procedures in feed manufacture and use, the approval and registration of establishments, and a code of good manufacturing practice. Third countries exporting feed to the EU will need to be included in an approved list and be able to produce an up-to-date list of establishments manufacturing feed for export.

### **Recommendation 12**

**We believe it is incumbent upon those who import poultry products to demonstrate to domestic producers that equivalent standards are met by those imports. We suggest that this means that auditing of producers and processors overseas should therefore occur on the same frequency as home producers and processors, and that importers supplying the catering trade should inspect producers they source from in the same way as supermarkets and other retailers (paragraph 48).**

For the reasons outlined in response to recommendation 8, there would be no legally enforceable basis for the proposal that poultry importers be required to demonstrate that their imports meet equivalent EU standards, other than in the closely defined areas of public and animal health.

## Supermarket Power

### Recommendation 13

**We welcome the current review by the Office of Fair Trading of the Code of Practice on Supermarkets' Dealings with Suppliers, and the commitment to further annual reviews. We urge the retail sector to respond carefully, constructively and rapidly to the concerns that have been expressed about the operation of the Code (paragraph 52).**

We endorse the Committee's recommendation on the Code of Practice. We have drawn the Committee's comments on this subject to the attention of the Office of Fair Trading, the British Retail Consortium and the supermarkets who are bound by the Code.

## Environmental Regulation

### Recommendation 14

**The Environment Agency (EA) should review the time taken to process Integrated Pollution Prevention and Control permit applications for new installations. It should assess whether it has the resources that will be required to ensure that all existing installations have permits by 2007, and publish the results of this assessment (paragraph 54).**

The EA has so far issued five permits for new intensive poultry installations and is considering four permit applications. Determination of the five issued took two, three, four, seven and eight months respectively. The two longer periods arose from the requirement for the applicant to provide further information to the EA. In one of these cases, modelling work was required to enable the EA to complete an assessment under the requirements of the Habitats Regulations.

IPPC is a regulatory regime being applied to an industry sector with no previous experience of such regulation. As more applications are processed, the EA will gain experience and the speed of processing applications should increase. The industry will also benefit as it gains experience of the application requirements. A model application has been developed and will shortly be available through the EA Website.

IPPC has to be applied by the EA to some 5,000 installations in the period to November 2007 by when all existing installations are required by the Directive to be operating under an IPPC permit. Based on its experiences in issuing some 350 IPPC permits in a variety of industry sectors to date, the EA has recently set up Strategic Permitting Groups (SPGs) to handle this task and is confident that this approach will enable it to deal effectively with permit applications from the intensive poultry industry and all other industry sectors. Arrangements are being made for charts showing progress in dealing with IPPC applications to be available on the EA's Website.

## **Animal By-Products Regulation**

### **Recommendation 15**

**Defra should outline the food safety implications that arise when imported meat products come from animals fed on feedstuffs banned in this country, and indicate what action is taken to minimise the risk to human health of such imports (paragraph 55).**

At present there are no rules to cover this contingency. However, this should be addressed by the proposed Regulation on official food and feed controls referred to in the response to Recommendation 11. As explained, third countries which export to the EU will be subject to Community audit to confirm compliance or equivalence of their legislation with the EU. This should eliminate the possibility of products for human consumption being derived from animals which have been fed on by-products and other materials prohibited for use as feed in the EU, with consequent additional safeguards for the health of the ultimate consumers.

## **An Uncertain Future?**

### **Recommendation 16**

**We believe that the Government can help to bring about more certainty in the poultry industry. It can ensure that the industry is fully consulted in the review of the hen welfare directive and in the development of the meat chicken welfare directive. The Government should set out its current thinking on both these issues: in particular, the extent to which its current welfare code reflects its objectives for the meat chicken welfare directive and under what circumstances it will support the continued use of enriched cages. We believe that transparent negotiations on these issues will assist the poultry industry to meet any new obligations and contribute to reducing the uncertainty facing the industry (paragraph 57).**

We agree, as set out earlier in our response to Recommendation 2.

### **Recommendation 17**

**We believe that without some form of intervention United Kingdom and European Union poultry farmers will lose market share to overseas producers who do not have to meet such stringent animal welfare standards. The Government, with its European Union partners, must develop a strategy to ensure that all poultry meat, eggs and their products on the European Union marketplace conform to the standards that we expect of producers in the Single Market, and have been produced to equivalent animal welfare standards (paragraph 58).**

In response to previous recommendations, the Government has made clear that it recognises the industry's concerns about competition from third country imports. Furthermore, we recognise the importance of the egg and poultry sectors to the UK's agriculture industry. We would not dispute the view that over time, the volume of imports into the UK is likely to increase rather than decrease. In accordance with overall Government policy, we see the development of trade as being in everyone's long term interest. Increasingly, producers will have to look to producing premium products which will attract premium prices. We are sure that the egg and poultry industries understand that well and we readily acknowledge their excellent record in product development and innovation.

It would however be misleading for us to pretend that there is a ready answer to their concerns. We would however like to place on record that we are well aware of those concerns and we will continue to engage with the Commission and other Member States to do all we can to ensure a level playing field with the EU and, more generally, the most favourable outcome possible for UK producers.

Department for Environment, Food and Rural Affairs  
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