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Agricultural Turnaround starts with Animal Welfare

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Report Highlights:

Animal welfare is at the heart of a discussion about an “agricultural turnaround” and the future of farming in Germany. The German Government continues to be under pressure to implement stricter national animal welfare regulations. Higher animal welfare standards on national level would limit the competitiveness of German farmers and reduce import demand for soybeans.

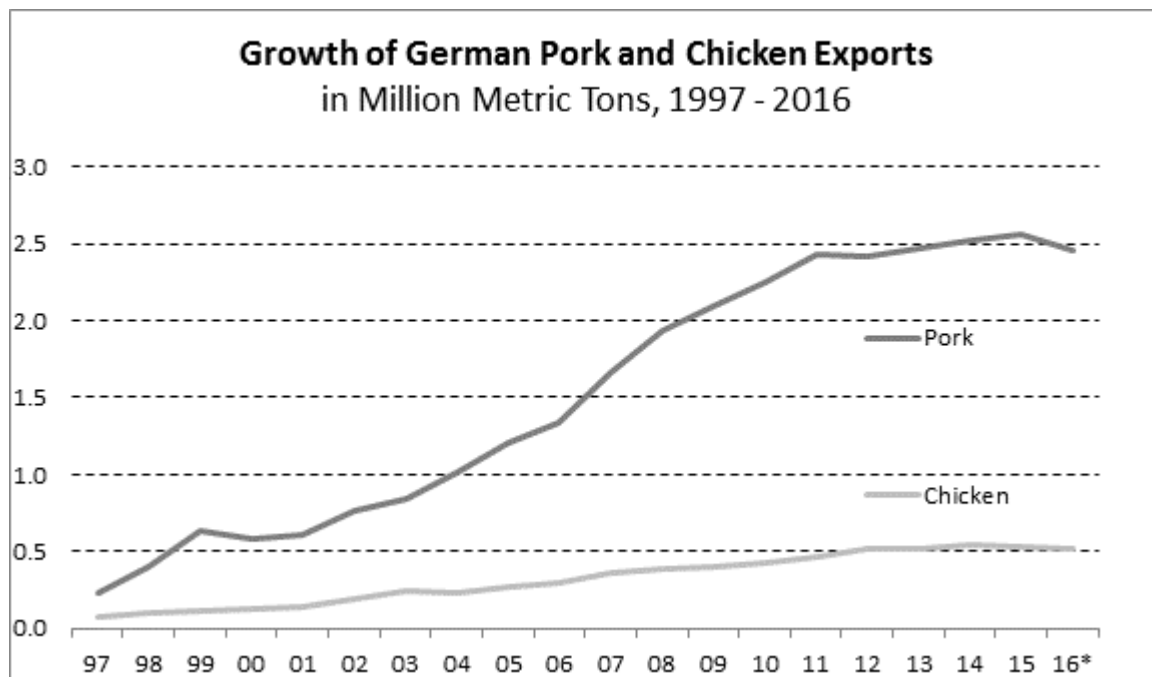
General Information:

In Germany hardly any other topic is discussed so emotionally as the future of farming, and animal welfare is at the heart of that discussion. Surveys show that consumers consider animal welfare to be, “very important.” The public debate is mainly driven by non-governmental (NGOs) animal welfare and environmental protection organizations as well as opposition parties in the German parliament. In general, they advocate for a fundamental change in farming – a so-called agricultural turnaround.

The German government and Christian Schmidt, Federal Minister of Food and Agriculture, continue to be criticized for appearing apprehensive of developing concrete legislative measures to improve animal welfare. Thus, on January 19, 2017, Minister Schmidt presented a federal animal welfare label at International Green Week in Berlin, Germany’s annual flagship agricultural policy event. Press, NGOs, and opposition parties in the German parliament criticized the voluntariness of the new label and that the entry level of the label needs to have higher requirements than the legal standard. With federal elections in September 2017, the future of farming and animal welfare will be a central election campaign issue for some German political parties.

German Livestock and Poultry Production and Exports

For German agriculture, livestock farming is of utmost importance. More than 70 percent of all farms have farm animals, more than 60 percent of agricultural land is used for the production of forage, and almost half of agricultural value is produced by animal products. Germany’s pork and poultry industries have expanded dramatically over the last few years. Specifically, pork production rose by 26 percent since 1999 while poultry production almost doubled in that same time. Germany has become a world leader in livestock production. This growth was partially fueled by an increase in exports as Germany is now one of the main competitors for U.S. pork and poultry product to Asia. In twenty years, German exports of pork increased more than tenfold and poultry exports rose nearly sevenfold.



Source: FAS Berlin. 2016*: FAS Berlin estimate

At the same time, structural change has intensified in favor of larger farms and holdings. For example, roughly 90 percent of small/medium pork producers have ceased operations in the last 25 years. At the same time, a strong regional concentration of livestock farming has continued to take place, with the centers of the German pig fattening and poultry farming located mainly in Lower-Saxony and North Rhine-Westphalia. This area in the north-west of Germany includes roughly 60 percent of German pork production and nearly 70 percent of poultry production.

German Consumer Expectations

German consumers consider animal welfare to be a very important issue. According to the Nutrition Report 2017, a comprehensive survey that was initiated by the Federal Ministry of Food and Agriculture BMEL, animal welfare is the number one consumers expectation on agriculture, with 87 percent of the respondents wishing for better standards in animal husbandry, and 82 percent looking for more transparency on the conditions under which the farm animals are being kept and slaughtered. Also, 79 percent of the interviewees would like to have nationwide animal welfare requirements, and 88 percent indicated a willingness to spend more money on food that comes from the facilities with higher animal welfare standards.

The BMEL sees this as an expression of the fact, that the trend towards more animal welfare has continued to solidify, and therefore, there is a strong need for introducing a voluntary state animal welfare label. According to surveys, 30% of German consumers would be willing to spend vastly more money on products which have been produced under higher animal welfare standards. However, in reality, many consumers are not willing to change their consumption habits by either eating less meat or paying a higher price for premium or organic meat products. For example, organic meat remains a niche market with 2% market share.

Focus on Animal Welfare at International Green Week

Christian Schmidt, Federal Minister of Food and Agriculture, presented a new federal animal welfare label initiative at International Green Week in Berlin 19 January 2017. With the initiative, Schmidt wants to Germany to be a trendsetter in animal welfare and open up new market potentials. According to Minister Schmidt, the new label should be voluntary and first introduced for the pork industry, followed by poultry, and maybe others like beef and milk later on. In order to reach as many farmers as possible, the Ministry is planning to set low entry barriers for the label applicants. Credibility of the label will be insured by unannounced audits of participating facilities by independent experts. In addition, a new "animal welfare office" will be set up within the Ministry to implement the state animal welfare label initiative.

Federal Animal Welfare Label



Staatliches Tierwohllabel: Federal Animal Welfare Label
Mehr Tierwohl: More Animal Welfare

By introducing a state label the Ministry is hoping to encourage farmers to put a positive stamp on animal welfare in Germany. Minister Schmidt is expecting his animal welfare label to be widely supported by German consumers. The label would allow the consumer to identify products that come from the facilities with higher than the legally required minimum standards, and incorporate such in their purchasing decisions. Thus, the label should contribute to the further development of social awareness and foster animal welfare-friendly production, which could easily lead to an overall improvement in animal welfare. Moreover, specific marketing opportunities surely exist to help these animal welfare-friendly producers justify the higher price tag.

The federal animal welfare label is planned to have several levels - the higher the level, the better the living conditions for the animals. Two levels are planned. A third level can be added afterwards if needed. The animal welfare label is based on a comprehensive list of criteria, including the size of the stables, activity options, rearing questions and the duration of animal transports. The goal is to introduce the state animal welfare label from 2018 onwards. As a first step, the label for pork products will be developed and then expanded to poultry products.

Friedrich Ostendorff, spokesman for agricultural policy with the opposing Green party in German parliament, stated that Schmidt's plans for a voluntary federal animal welfare label will not be implemented before the end of the current legislative period. Moreover, they are not seen as most credible after years of only moderation and observation, not legislative action. The label also does not provide any concrete answers on financing such as the reconstruction from the stables. In general, the label has broad support, from the German Farmers Union, food retailers to the German animal welfare association.

Status of national and regional animal welfare policy

Public pressure has already resulted in a change in federal animal welfare policy and numerous initiatives. Since 2002, animal welfare is enshrined in the German Constitution and regulated through the Animal Welfare Act. Thus, animal welfare has become a binding guideline for government action.

In December 2015, the German Federal Government presented its Animal Welfare Report and the Federal Minister of Food and Agriculture announced his initiative: “Minding Animals – New Ways to Improve Animal Welfare.”

Minister Schmidt and the German Government have different objectives with the improvement of animal welfare. Foremost, the initiative is designed to respond to public pressure fueled by the ongoing criticism by the Greens in the German Parliament, as well as by NGOs and the media. Another aim is that farmers should continue to produce high-quality food in Germany and still keep their jobs. There is hope that animal welfare can become a marketing advantage for German food and that higher animal welfare standards will be valued as premium with an increased willingness by domestic and foreign customers to pay a higher price.

Animal Welfare is also an important topic for the industry on both regional and international levels. The federal states of Lower Saxony and North-Rhine Westphalia, being the centers of pork and poultry production in Germany, have introduced their own initiatives. Germany, the Netherlands, and Denmark have also signed a declaration to improve animal welfare at a European level. Finally, in 2014 a coalition of German agriculture firms, meat packers, and food retailers formed an alliance in response to the ongoing criticism on animal husbandry. This alliance established an animal welfare label and the alliance were recently renewed until 2020. Regarding the new federal animal welfare label, the food retailers pointed out that they are expecting that the alliance might eventually be transferred to the federal animal welfare label.

For more information, please see GAIN report: [Germany wants to be Trendsetter in Animal Welfare](#).

Political Parties

The growing interest of the public towards animal welfare issues is also influencing the political scene in Germany, especially in the light of the upcoming federal elections in fall, 2017. Animal welfare and the future of agriculture will be a central campaign issue for the Green party. Since the last election, the Greens have been clearly in the driver’s seat in the public animal welfare discussion, leaving the other parties in the German Parliament, including the governing coalition of CDU/CSU/SPD and the Left party, as bystanders. Today, seven of the sixteen agricultural ministers in the federal states are Green Party members, including Lower Saxony and North-Rhine Westphalia - the leaders of pork and poultry production in Germany.

Although all the main political parties have promised more sustainable agriculture and better animal welfare in their election platforms, there are still differences in the details relating to agricultural subsidies in EU, animal husbandry and welfare, genetic engineering and patents, and crop production. Here is an overview of the key points on animal welfare from the election programs of each of the main political parties in Germany:

Political Party	Animal welfare policy highlights
The Christian Democratic Union (CDU) and its sister party, Bavaria’s Christian Social Union (CSU), have	<ul style="list-style-type: none">- develop new, animal-friendly stalls- increase in funding for research on methods to improve the farming methods- advance measures to reduce the use of antibiotics

<p>been in a governing coalition with the SPD since 2013. The party's leader, Angela Merkel, is the current Germany's Chancellor. They want a strong, entrepreneurial rural society in agriculture, supported locally by farmers and families.</p>	<ul style="list-style-type: none"> -raise animal welfare standards and limitations on animal transport times in the EU - develop transparent, clear, consumer-friendly labeling of food products - initiate appropriate and humane animal husbandry methods
<p>Germany's Social Democratic Party (SDP) has been in governing coalition with CDU/CSU since 2013. SDP is the country's oldest political party and at the center-left. They want a sustainable, farm-friendly, multifunctional agriculture that contributes to the development of livable, highly productive rural areas.</p>	<ul style="list-style-type: none"> - curb industrial animal farming through appropriate legal measures - develop improved housing systems for meeting animal needs - (drastically) reduce antibiotics use - grant right to class action lawsuits for animal welfare organizations - initiate transparent labeling of food products from facilities with humane animal husbandry methods
<p>The Alliance '90/The Greens (The Greens) is a green political party formed in 1993 with the merger of the Green Party and the east Germany Alliance '90. Environmental issues are the cornerstone of their platform. They stand for organic farming and environmentally friendly agriculture, GMO-free food and food, regional processing and marketing of livestock and animal-friendly, decentralized agricultural politics. Seven of 16 agricultural ministers in the federal states are Green Party members.</p>	<ul style="list-style-type: none"> - strengthen animal welfare at the federal level - stronger use of local feed in livestock production to reduce feed imports - no further construction of mega-stalls, barns and feedlots, and abolition of subsidies and privileges in land lease for factory farms - new animal protection laws requiring proper housing conditions - prevention of the misuse of antibiotics through tighter housing and treatment requirements - limiting transport of animals within Germany to a maximum of 4 hours - creating a department for public prosecution for violation of animal welfare requirements - consumer education on the health, social, and environmental consequences of meat consumption, and the offering of vegetarian and vegan meals as a common practice, with additional 'Veggie Days' in public canteens - animal-free circuses - government-supported program for ownerless animals - ban on animal testing
<p>The Left Party is a democratic socialist and left-wing populist political party in Germany in the Bundestag. They want a</p>	<ul style="list-style-type: none"> - animal welfare appropriate methods of husbandry - adaptation of farming practices in order to prevent tormenting animals - reduction of the use of antibiotics to the bare minimum (only

comprehensive sustainable agriculture, in which the farms are enabled to deal with the economic and social challenges as well as the demands of consumer, environment and animal welfare protection organizations.	acute illness) - limitation of times for transporting animals to a maximum of four hours - comprehensive legislation for information, participation, and right of action for citizens and environmental, animal welfare and preservation organizations
The Alternative for Germany (AfD) is a right-wing populist and Eurosceptic political party in Germany. Founded in April 2013, the party narrowly missed the 5% electoral threshold to sit in the Bundestag.	- unknown/not clear
The <i>Free Democratic Party (FDP)</i> is a liberal party that stands for a modern, entrepreneurial, sustainable food and agriculture industry. (FDP dropped out of Bundestag in the last elections in 2013)	- animal protection legislation - reduction of the use of antibiotics - more investment in the construction of modern stables for more animal welfare - promoting animal husbandry and nutrition at European level - protection of plant-pollinating insects

Source: FAS Berlin

According to an Emnid poll from beginning of January 2017, the CDU/CSU would get 38 percent of the votes if Bundestag elections were held today. The SPD would get 22 percent, while the AfD would achieve 12 percent. The Greens would get 10 percent, the Left Party 9 percent and the FDP 5 percent.

Effects of an Agricultural Turnaround on Animal Husbandry

The ongoing discussion about animal welfare and the future of German agriculture has initiated a call for a so called, “agricultural turnaround.” Specifically included in this turnaround are various aspects of livestock farming such as the reduction of livestock, improved livestock conditions, reduction/elimination of non-curative treatments and medication. An agricultural turnaround in animal husbandry would mean that farm animals are kept with sufficient space, species-appropriate activities, and access to open air. Curative procedures are prohibited and the use of antibiotics is highly regulated (no prophylaxis). Environmental emissions need to be reduced. Breeding goals reflect this change and focus on robustness, life performance and multiple forms of use.

Outlook and Potential Impact on World Trade

The animal welfare debate shows that the attitude towards meat consumption and livestock production is changing. The majority of consumers consider animal welfare to be an important part of food

production, and they also think that the current conditions in livestock production are no longer sustainable or appropriate. The new animal welfare initiative most likely will not stop the debate, and animal welfare will continue to be a topic in the upcoming election campaign.

Germany has become a world leader in livestock production in the past decade and the German Government wants the farmers to continue producing high-quality food, with the jobs remaining in Germany. Germany lobbies towards the improvement of animal welfare standards at the European level. However, the outlook for any change in European regulation is currently not very likely. Germany is already implementing higher national animal welfare standards, thus superseding the other EU countries, but this is resulting in cost disadvantages for German farmers. Moreover, the industry's ability to mitigate costs while still meeting new standards is posing a serious challenge.

However, the German market faces rapidly declining pork consumption and just slightly increasing poultry consumption. Therefore, German pork and poultry industries have become highly dependent on expanded growth in other European markets and overseas. German pork and poultry exports have more than doubled in the past decade. The majority of exports go to European markets though additional growth potential is limited due to the recently emerged strong intra-European competitors like Spanish pork and Polish poultry. Consumers in Europe who are willing to spend more on premium pork or chicken, buy either locally produced products or purchase known specialties such as "Iberico" pork from Spain or "Poulet Maïs Fermier" chicken from France.

Thus, the German pork and poultry industries are increasingly dependent on overseas and non-European markets. Here, German companies compete strongly with Brazilian and U.S. suppliers as well as other EU-member states. Also, as the world market is mainly driven by price, there is not much demand for a higher valued product based on animal welfare. So for German companies, there is perhaps only a distant hope that there is more than a niche market for premium German pork or chicken either on European or overseas markets.

Animal welfare has become a really important issue to the German consumers and in federal policy. Currently, U.S. regulations and approaches to protecting animal welfare are quite different from those in the EU and Germany, but overall both have achieved similar results. There is the possibility that Germany develops new regulations that do not follow international science-based standards. In the long term, new animal welfare standards could become tomorrow's impediments to trade. In general, German consumers are not aware that animal welfare is also an important topic for U.S. producers and consumers.

Stricter animal welfare regulations in Germany would ultimately lead to a reduction in pork and poultry numbers. All studies examining the outlook for an agricultural turnaround expect a decrease in pork and poultry numbers. And, pork numbers in Germany are already slightly declining. This would also have a direct effect on protein consumption and soybean imports. Germany is dependent on soy imports has imported nearly 7 million metric tons (MMT) of soybeans and soybean meal in 2015, nearly all of it produced from GE varieties. Soybean imports totaled to nearly 3.8 million metric tons in 2015 with roughly 37 percent coming directly from the U.S. Soybeans are the largest U.S. agricultural product exported to Germany.

