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CHANGING CONSUMERS... CHANGING ANIMAL PRODUCTION?

Presented and animated by Jean-Claude Flamant and Roberto Chizzolini

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EAAP Annual Meeting

Aula Magna, Palazzo dei Congressi EUR, Roma

31 August 2003

Round Table

“Changing consumers…

Changing animal production?”

Coordinated by Jean-Claude Flamant
(Mission d’Animation des Agrobiosciences, Toulouse)
Presented and animated by Jean-Claude Flamant and Roberto Chizzolini

Introduction

Jean-Claude Flamant

Ladies and gentlemen, Dear colleagues

It is my pleasure to open and to introduce this fourth Round Table. I note that these annual Round Tables are based upon three basic principles:

- Firstly, during the EAAP Meetings they offer opportunity for an open discussion on topical and controversial issues with potentials to trouble the animal sector.
- Secondly, the topic for discussion at each Round Table arises from events current in the preceding six months.
- Thirdly, opportunity is taken to invite personalities and specialists not usually heard within the framework of EAAP Meetings, particularly in the fields of socio-economics and policy.

The debates are recorded, in order to make the information available on the Websites of EAAP (www.eaap.org) and of the "Mission Agrobiosciences" (www.agrobiosciences.org).

Last year, 2002 in Cairo, the Round Table was dedicated to the Globalisation Trend illustrated by the WTO Conference of Doha and the Summit in Johannesburg. In the previous year, 2001 in Budapest, the subject was the Significance of Repeat Crises in the Animal Sector. It took place after the second crisis associated with BSE and the Foot-and-Mouth epidemic in the UK and Western Europe countries. Earlier, in The Hague, we discussed the Chain of Knowledge from Research to the Consumer.

This year, 2003 in Rome, in consultation with the President of EAAP and the Italian Scientific Committee, we chose the topic for this Round Table from the recently published EAAP report on the Future of Animal Production "After BSE". The essence of the report was presented earlier in the day by the chairman of the Working Group, Patrick Cunningham. One part of the report is entitled "Changing consumers". This led to the definition of the topic and question at this Round Table: "Changing consumers. Changing animal production?". We wanted to discuss three main questions which correspond to major preoccupations of the animal sector:

- The impact of consumers on the animal production sector which is increasingly sensitive to the short terms reactions of consumers but which has also to take into account of the longer-term evolution of meat and milk in the current diet.
- The possibility or difficulty of "Reconnecting" the chain between producers and consumers with special reference to the proposals of the UK Curry report published in 2002.
- The role played by the public sector respecting these trends.

These questions were addressed by the Italian Scientific Committee of this Annual Meeting, chaired by Alessandro Nardone. To provide responses, we have invited four personalities to participate to the panel. All are familiar with these types of issues. They agreed to contribute and to take part in the discussion and I want to thank them on behalf of all of you.

To manage this Round Table, I have the benefit of help from **Roberto Chizzolini** who is Professor at Parma University, an expert in food safety and close to the Italian authorities.

The panel

- **Martine Padilla**, Professor in the Mediterranean Agricultural Institute of Montpellier (IAMM), France. She is a well-known specialist on the Mediterranean diet and of consumers' habits in Mediterranean countries.
- **Catherine Reynolds**, Head of Communications of the UK Institute of Food Research (IFR). She was previously involved in research on food safety and human health.
- **Leo Bertozzi**, Director of the Consorzio del Formaggio Parmegiano Reggiano (CFPR), a famous and well-known PDO Italian cheese organization.
- **Vittorio Ramazza**, Director of the Quality Asurance Department of "Coop Italia" Group. "Coop Italia" is the leading Italian retail group. Its structural basis consists of 178 consumers cooperatives with 1265 stores and 47.000 employees. The group reaches 5 millions members, with a gross sales amounting to nearly 10.000 millions Euros per year.

The responses of the panel

1. Main changes of the consumers' attitude

Roberto Chizzolini

To begin the Round Table I ask each of you, in respect of your field of expertise, what are the main characteristics of the change in the attitude of the consumers towards food of animal origin? Very briefly, one minute each!

Martine Padilla (IAMM)

In my view, the consumer makes his/her food choice not only on the basis of prices and purchasing power as economists habitually say. Animal products have a stronger identity content than other food products. There are three important recent variations of consumer attitudes:

- First : products segmentation appears in accordance with consumption occasions more than with quality of products.
- Second : health and safety are significant arguments in industrialized countries. These arguments do not count much in poorer countries where trust towards sellers of proximity is enough.
- Finally, the consumer claims his/her right for enjoyement, for saving time and for returning to his/her origin with specific products.

Catherine Reynolds (IFR)

Have consumer attitudes actually changed that much? It is important to remember that consumers in general have no greater knowledge of meat production over and above tea, eggs or apples. Even if you go back 100 years, responsibility for safe food production was already being passed to the producers and retailers. Consumers still want and expect a product that is safe, easy and value for money. That hasn't changed for many years.

In the context of meat, the production sector does recognise that it must be "consumer-led". In the UK that now means, for instance, lean pig-meat and large lamb chops – the UK Meat and Livestock Commission spends about £1M a year checking this information via consumer surveys.

More rational media messages about the role of meat in a balanced diet, and fewer 'meat is good/bad/fatty/full of iron' arguments have probably been a factor in the resurgence in UK meat consumption (eg. beef from 900,000 tonnes in 2000 to 985,000 tonnes in 2002). It remains to be seen how influential the current publicity regarding 'The Atkins Diet' is.

Vittorio Camazza (Coop)

In Western European countries several issues play a key role in modifying the consumers' attitudes:

- Demographic changes (ageing of society, reducing average family size);
- Increase in the number of working women;
- Income distribution (increasing number of consumers with high and small income, decrease of the "middle class");
- "Food scares";
- Increasing distance between consumers and producers (not only in terms of physical space); consequent loss of information previously easily transferred together with the local traditions.

Leo Bertozzi (CFPR)

First I agree with the last point of Vittorio Camazza. For me, the most important change in consumer attitudes towards the food they eat is due to the growing distance between consumers and places of food production and supply. This has resulted in a very strong concentration along the production and the distribution chain with a significant standardization in the products offered for sale. But, contrary to this trend, there is an increasing consumer interest in products with Geographic Indications on one hand and for dietary diversification on the other.

2. Factors of the change of the consumer demand

Roberto Chizzolini

Second question. Could you explain to us what are the main factors that have influenced the change in consumers' attitude towards food of animal origin in respect to the various countries and the various categories of consumers? I propose that we start with Catherine Reynolds. She will illustrate the UK case and more generally the case of industrialized Western European countries. Martine Padilla will then describe the situation of European Mediterranean countries.

Catherine Reynolds (IFR)

Responding to three major microbiological food safety issues (Listeria in cheese, Salmonella in eggs and botulism in yoghurt), the 1990 UK Food Safety Act highlighted issues such as traceability – which led to the "due diligence defence"[1] (presented as 'consumer concerns'). The changes in the UK in the 90's were evolutionary, and although successive food scares have had an immediate, short-term impact (eg paté) and in some cases there is a long memory tail, consumers are now making quite sophisticated, differentiated risk decisions.

1996 was the year in which the 'bond' between "FOOD" (not just meat) and consumers was irrevocably broken. Consumer responses were not predictable – from those who stopped eating beef to those that increased their intake – but most people realised that by the time of the announcement about BSE/nvCJD the actual threat was virtually over. The damage was done.

In the UK, many generations have passed since the majority of people left the land. There is a disconnect that leads consumers with high disposable incomes to hanker after person-to-person market stall shopping, and 'organic' or 'free-range' niche markets. Their assumption is, apparently, "*The more I pay for it, the safer it is*". Extra value equates with extra reassurance. The inherent risks associated with less expert preparation controls are not, it would appear, an issue for these consumers.

[1] The UK Food Safety Act, 1990 introduced the defence of "*due diligence*". This allows a person who may be subject to legal proceedings to establish a defence if they can show that they have taken "*all reasonable precautions and exercised due diligence*" to avoid committing an offence. A "*due diligence defence*" can be established if you can show that:- you have taken all reasonable steps to ensure that the food you sell complies with the law, or the offence was the fault of another person or company.

The way we actually eat food in the UK has changed. In England, more people eat lunch at their work desk than anywhere else in Europe. You are not likely to eat anything which is hot, medium rare or covered in sauce whilst typing e-mails – you are more likely to snack on fruit, or a yoghurt.

A major factor in attitudes towards eating animals is the UKs two-tier market, where you have fresh meat (produced in the country of origin) and meat products, where the provenance is irrelevant and the meal may not be recognised as meat, particularly by children. 'Meat' as in a primary cut is a meal occasion. The increasing lack of knowledge of how to prepare and cook raw meat and offal is now a key attitudinal factor in the UK.

Martine Padilla (IAMM)

In all countries, there are essentially three main factors that have influenced the change in consumers' attitudes, the first and second having the same consequences :

1. The fact of changes in living conditions linked to urbanisation : reorganisation of time at work, home far from work, facilities for storage, etc…

2. Female activity is really an important factor too. The consequences are that consumption occasions are moving. For instance chicken becomes a banal daily product. While chicken meat often gets a negative image (mediocre and too variable quality in some countries) it is reputed for its practical aspects and easy use. Goat and sheep meat are consumed during festive meals in Mediterranean countries, beef and lamb in Europe. Festive occasions are rarer in our way of life, so red meat consumption is reducing.

3. The third factor of the change in consumers' attitude is the trend of relative prices, in spite of the global slowing down of animal products since the eighties, following well-known nutritional tendencies. For instance beef price is high and has not reduced comparatively to other meats: so the quantities consumed present a positive correlation with income level. For pig and poultry, a significant drop of relative prices has permitted an important increase in global consumption and few quantitative inequalities according to income level. So, trend in consumption depends on differentiation of these products with quality and easy-to-use aspects.

I have to add that we observe a great instability of consumers' behaviour linked to periodic problems (BSE, dioxins, swine-fever) or to the modification of product image under the pressure of mass medias.

We may also wonder about the effects of age and generation on consumption trend. Globally meat consumption will continue to decrease independently of position in the life cycle or generation. Three cases of product merit to be underlined :

- For the veal, the effect of generation is clear: at the same age each generation consumes less than the previous one.
- The observation for cheese is the reverse: consumption increases with age and generation.
- For yoghurts and dairy desserts, consumption decreases with age, but the effect of generation is really strong and compensates widely.

So you can see that there is not a single rule on this subject.

3. The choice criteria of consumers

Jean-Claude Flamant

We can now move toward our third question. We just heard the various trends described by Catherine Reynolds and Martine Padilla. But is it possible, as a consequence of these changes, to be precise to-day on consumers expectations of the food they buy. Is it price, nutritional value, safety, traceable, environment, animal welfare, organic, quality label, etc.?

Catherine Reynolds (IFR)

In fact, understanding consumer expectations is like peeling back the layers of an onion. All things being equal, consumers will support ALL these values - represented by the layers of the onion. The layers will be different in size and order for individual groups represented by country/culture/income bracket. Underpinning this is good value for money – which is not just simply price, but something appropriate for the price that suits your purpose at the point of purchase.

For this answer one must also take into account the difference between the consumer and the citizen, the rational and the emotional. The UK citizen will speak of food safety and animal welfare, of sustainability and the environment; the UK consumer buys on price and suitability. The supermarkets are well aware of this – hence the 'BOGOF' offer (buy one, get one free).

If there is belief in the product and trust in the label (brand or supermarket) then there is confidence because of assumptions of control.

In Italy until recently, the impact of animal production on the environment and on animal welfare have represented demands from a small number of consumers only. In spite of this, those features have to be considered more carefully by producers who need to anticipate and not undergo the changes.

Vittorio Ramazza (Coop)

Compared to the model of consumption of the last decades, we can note the following consumers expectations on products of animal origin in the recent years:
- Diversification of demand ("every day steak" age is now out of date);
- Increasing demand for "service" to be included in the product itself;
- Demand for higher guarantees of hygiene;
- Origin of the production has to be assured (productive chain traceability);
- Information and guarantees on animal feeding;
- Demand for items from organic farming and rearing.

Martine Padilla (IAMM)

We cannot answer this question globally. It is necessary to make a separation by product and by category of population. In Europe we have a marked tendency in favour of animal welfare and the environment. But there is a paradox: the more we humanize cattle conditions, the less we want to eat them. That is more and more in the mind of consumers.

But, on a day to day basis when buying, the consumer looks for quality and price. There is a gap between the expectations and the practices of the consumer.

4. Reconnecting the agro-food chain?

Roberto Chizzolini

The "After BSE" report has faced the question of whether it is possible to reconnect the agro-food chain between farmers and consumers. Our fourth question to the panel aims at focusing more specifically on the "Italian case", taking advantage of the presence of two Italian speakers. The precise question is: can producers cope with the new attitude of the consumers, and how?

Leo Bertozzi (CFPR)

In Italy, competition in the animal sector cannot be based on mass production. As a result, the role of products with Geographic Indications is fundamental to ensure throughout the different regions of the country a presence for the rural sector and its continued development. In 2000 there were 1981 cheese plants located in the regions where traditional cheeses are produced. Twenty-five percent of these plants are found in Emilia-Romagna, where Parmigiano-Reggiano is made. Traditional products with Geographical Indication have to be based on rigorous standards in order to meet consumer demand and need. In this context it is possible to combine the protection of both producers and consumers.

Vittorio Ramazza (Coop)

Coop, being a cooperative of consumers, has a special view-point compared with other retail organizations. The main demands by consumers become, in reasonable time, the actions of "Coop". The examples already mentioned regarding the items of animal origin show this. The Coop's role is to achieve those expectations in practice, stimulating and pushing the sector - producers, feedstuffs industry, etc… So, the retailers often play – let me use this expression – the role of "Research and Development" for the producers, but some of them are beginning, to pay attention.

Martine Padilla (IAMM)

How to reconnect the chain? Don't forget that disconnection is a feature of industrial enterprises and distribution companies in building and preserving their markets. There is no future in a fight between producers and industries and retailers; there has to be a common interest in selling more and more. Promotion of specific products or traditional products is a good way to reconnect the chain because then there is necessary collaboration between the different actors of the food chain; moreover the consumer is able to recognize these products.

5. The question of price

Roberto Chizzolini

Does the price paid by the consumers provide a profit to the producers? How does the proximity between the producer, the processing plant and the market influence the final price? What is your analysis?

Leo Bertozzi (CFPR)

Competition based on quality factors implies relatively higher production costs and product prices. These costs can be compensated and provide a sufficient profit to producers if their access to the market is direct and facilitated by appropriate means and agreements.

The different members of the supply chain must share a common interest. They have to identify an appropriate relation between level of price and level of quality. According to each product's market share, the organizations responsible for controlling the application of standards that govern them carry out a series of marketing actions aimed at monitoring a specific market and adopting relevant programmes of communication and promotion. These actions are developed at different levels depending on the needs of the product, but in general they focus on promoting the typical aspects which differentiate products with Geographic Indications from imitations or from products of the same category. All this is done to support the specific product and not a commercial brand.

Vittorio Ramazza (Coop)

Price still remains an important feature, but "Coop" is recording anyway the response in paying different prices for better quality items or products with special or additional guarantees. The extra cost for the consumer, except for some niche products or markets, must be relatively small. The different prices paid by the consumer cover the higher costs of the producers, but a part of the additional costs are not added to the final price, but onto the Coop budget.

6. The role of the public institutions

Jean-Claude Flamant

Another point retained the attention of the Italian scientific Committee in preparing this Round Table: what is the role played by the public sector (government, EU) with regard to laws and regulations, to protect the consumer ?

Vittorio Ramazza (Coop)

The role of institutions, related to the hygiene of products, is fundamental and irreplaceable. In recent years this role has been played in a more dynamic way by the National and European organizations.

Strong synergies have been developed over the years over the role of the public organizations and that of "Coop": the latter is collaborating with the institutions and tends to integrate with its own private activities what has already been defined by law.

On the qualitative features managed voluntarily, "Coop" is planning to maintain as large an independence as possible. The private groups (the retailers, but the industry too) should so decide on what activities to distribute their resources and how to use them.

Martine Padilla (IAMM)

The role of the authorities in relation to consumer protection is important for animal products: one reason is because these products are eaten fresh and are easily perishable. The authorities regulate, inform, inspect and harmonise. But it is a pity to make the proviso that the public sector does not regulate the power of distribution or enterprises or lobbies that can induce wrong information on some products (beef, pork, nutrition). The ethical point of view is not considered.

I want to distinguish less developed countries and Europe.

- In less developed countries, growing market liberalisation has precipitated important norms and conformity procedures. Public standard organisations using the Codex Alimentarius have been created. However the real applications are still timorous, except by enterprises which are partners with multinationals or by enterprises that wish to export. In these countries, the consumer is often uneducated, poorly organised and unable to organise defence of the consumer market. Further, he/she is really suspicious of the monitoring practices of the State.

◆ In Europe, the traceability rules of European Union prevail as well as the information for the consumer. I don't need to tell you that enterprises are bound by strict specifications, negotiated by inter-professional organisms, validated and inspected by public agencies or by independent agencies. So the consumer is well informed and he/she generally trusts these systems of normalisation. Beyond these visible attestations, quality signs also exist : they have been numerous in the dairy sector for a long time; they are new in the meat sector. Traditionally meat was anonymous; now collective or individual brands are emerging (For instance in France: "Agneau de tradition bouchère", "Boeuf verte prairie"…).

I should want to emphasize two points :

❑ I am convinced that traceability requirements are not a response to consumers but to the distributors and trade people. In this way, when they are problems, they transfer their responsibilities to industrial and cattle farmers.

❑ Some governments have enacted the precautionary principle. The objective of this measure is to protect the consumer. But it induces anxious reactions, and a fall in consumption is transferred to other products beyond the one affected by precautionary measures.

Leo Bertozzi (CFPR)

Protection of the consumer can be achieved by several means. Consequently the role of the public sector is fundamental. One of the means used to assure the consumer about the exact nature, composition and characteristics of a food product, is the guarantee obtained by the geographic designation. On this topic, the most important change in the EU in recent years has been the institution of Regulations for the protection of Geographic Indications (PDO/PGI). This has created a common frame of reference for all EU member countries which has influenced the presentation of food products to consumers and enhanced a protection system aimed at giving a better and more concrete guarantee of the product specifications. The recent implementation of EC Regulation 2081/92 and the decisions of the European Court of Justice provide a clear framework for the development of a common policy aimed at maintaining and implementing food quality through the protection of geographic designations.

In the upcoming World Trade Organization (WTO) meeting in Cancun (Mexico) in September 2003 the EU appears determined to press for rules to limit the use of many drink and food names to the producers in the regions where they have traditionally been made through the establishment of a multilateral system of notification and registration of Geographical Indications for wines and spirits as well as the extension to other food products of article 23 of the TRIPS agreement and paragraph 18 of the Doha Ministerial Declaration.

Geographic Indications are anchored to particular territories and they allow producers to dedicate themselves to the marketing of typical products that meet consumers' demands in terms of origin and quality. They add value to the products. Moreover, GIs contribute to the preservation of the environment of their region as well as to the protection of the culinary, artisan, and cultural heritage. Therefore, the protection of Geographic Indications is a valuable and necessary tool for all countries around the world, including developing countries that need to market differentiated and clearly identifiable products through their geographic origin.

The Organisation for an International Geographical Indications Network –**oriGIn**- was created last May in Geneva by producers from all continents, to protect and promote Geographic Indications. Its president is Pedro Echevarria from Antigua coffee (Guatemala). Website: www.Origin-GI.com

Catherine Reynolds (IFR)

The most important change in the UK in recent years has been our Food Standards Agency – with its three guiding principles of putting consumers first, being open and accessible, and being independent. It is highly trusted. Trust in a regulator is important if you have not, as a consumer, got control, time or knowledge. The FSA tries hard for consensus, but the industry knows that it will 'name and shame' if appropriate.

I would just comment here that I think the people, the personalities, who were put in place at the launch of FSA were absolutely vital. Without the drive and absolute determination of the senior Board members, and Chief Executive – who is now leading the new European Food Safety Authority – I do not believe it would be positioned as crucially as it is.

The EU position is becoming increasingly influential. But it is too early to say how much influence EFSA is going to have. And what happens the first time EFSA makes a consensus statement, which is immediately rubbished by a member country?

The whole public sector has an important role to play in obtaining the food production that everybody talks about. Support for initiatives will be crucial. Price will be crucial too. If the price goes up, and the consumer doesn't buy – then the retailer will not stock and the producer will lose out.

About the « After BSE » report

Jean-Claude Flamant

So, you have in your hands the responses prepared by the members of the panel. But before inviting the floor to put their questions, I should like to ask to John Hodges, as a member of the Working Group "After BSE" to give his own comments on the role of the economy in bad or good connections between producers and consumers. Then, I'll give the floor to Patrick Cunningham who would like to comment on the sense of this report in relation with the questions of our Round Table.

John Hodges

Thank you, Mr. Chairman for the opportunity to make this brief presentation. I wish to make two points on behalf of three of us who are members of the "After BSE" Working Group – myself, Dr. Ben Mepham and Mrs. Janet Graham. These two points are relevant to the Round Table topic today. They arise at the intersection of the hard sciences of the animal disciplines and what are sometimes called the soft sciences of socio-economic disciplines. This boundary is new for many in EAAP. I congratulate Jean-Claude Flamant on his initiative in starting the EAAP Round Table where this intersection is explored each year and which encourages EAAP participants to enter the arena of socio-economic issues which have an increasing impact upon animal production and science.

In the "After BSE" Working Group, as well presented earlier by Patrick Cunningham, the past and the present became clearer. However, the three of us found that on the future we have some alternative views to those presented in the Conclusion of the Report. In EAAP this is not an unusual experience and is to be expected in a lively professional association. Since the "After BSE" Report was commissioned by EAAP and the Working Group is now reporting back at this EAAP Meeting, we feel that participants should have the benefit of hearing the alternative positions.

The two points concern:

1. What values drive the European consumer or citizen when buying food.

2. How these value choices will affect the future of the European livestock sector.

Values when buying food

On the first point, the Conclusion of the "After BSE" Report states that "*As the market is now evolving, profit is king*". Undoubtedly this is true in the two components of the food chain, namely Processing and Retailing. However, we consider that in the two other components of the food chain: the family sized producer and the all-important consumer, profit is not king. The small scale family farmer has always had values other than profit and continues to do so. In the European market the values of Safety and Health are growing in the consumers' mind. In fact Safety and Health may be viewed as the two Crown Princes who are now increasingly challenging the concept of King Profit.

In this affluent society, where a small percentage of disposable income goes on food there is increasing awareness and willingness to pay a little more than the lowest possible unit price. Consumers pay more attention now to Quality-of-Life factors in their choice of food. Thus we dissent from the concept stated in the "After BSE" Report that non-monetary values, such as safety and health will be respected only if it is profitable to do so.

The prospects for the livestock sector

The second point concerns the prospects for the European livestock sector which the Conclusion of the Report states as "*having a very positive future for many of its actors*". In our view this future will not be determined simply by the strengths of the livestock sector but also by the changing demand for foods of animal origin where profit is no longer the sole ruler. Many consumers have a mounting discontent and suspicion of animal products due to the negative experiences in recent years such as BSE and other animal food scares which are listed in our report. Vegetarianism is more apparent among young people and a more highly selective consumption of meat is increasing. Bio- and organic animal products are growing in popularity despite their premia.

The feeling of the minority group is that the future of the livestock sector is not secure and depends on how we, particularly as scientists, serve society in the future. Maybe we have to dissociate ourselves as scientists from being supporters only of the processing and retail industry. We need to recognise that as scientists we must serve the consumer and citizens in society as a whole.

This will involve some ethical changes. Ethics at heart is really doing things in the interest of other people. Perhaps in the EAAP we have to begin to define who are the other people? Are they the large multi-processing organisations who frequently provide us with funds? That may be good for our research; but maybe we have to be more independent in presenting the results of our research and point out that our real interest is improving the Quality-of-Life of the citizenry and of the consumers as a whole.

Speaking on behalf of the minority group - although we believe we have produced an adequate "After BSE" Report which is excellent in terms of analysing the trends which have taken place in the livestock sector up to the present, we have not yet adequately addressed the diversity of opinions and options facing the livestock sector. The question of how EAAP will serve society in the future needs more work, more study, more working groups. EAAP has to face the soft sciences and the socio-economic areas which are essential to our future.

Catherine Reynolds (IFR)

I do have a comment if I may. Could I comment, picking up on what Dr. Hodges has said. I have toured all the posters today and I would like to say something about reconnecting science with consumers. You, as researchers, are actors in the food chain too and we all have a responsibility to ensure that we can explain what we are doing as researchers in a context that consumers can appreciate. Remember that it is important that we do not assume that what we find fascinating will be equally fascinating to the person you meet in the bar who asks what do you do? Ask yourself '*why should they care'*, and '*how can the information you have gained actually be of use in society*', and communicate with that in mind always.

Martine Padilla (IAMM)

May I say only one word? Once again the health factor is underlined as major, and I think that health is assimilated to safety. There is nothing on the nutritional point of view in rules, neither in normalisation nor in preoccupations of industrials all along the production process so I think it is necessary to think about these things.

Leo Bertozzi (CFPR)

A very short comment about the recovery of the beef meat market in Italy. For us the recovery of the beef meat market is feasible only with a serious long-term policy. This means choices, this means paying people to do the job, support costs for activities on it. We have to develop this sort of framework.

If in the future, the company or the country has to face a crisis it will realise that there is an advantage in not waiting for it and then organising a very very quick commercial action in the moment, but in looking for a 5, 10, 15 years long term policy. From our experience, that is the only right way to achieve.

J.C. Flamant:

Any other comments from the panel? No. So I should like to hear Patrick Cunningham about the question discussed by John Hodges.

Patrick Cunningham

Thank you Chairman for the opportunity to contribute. Let me take up essentially the same two points that John Hodges did because it continues the debate that clearly was part of our process. It is significant that the points of view John put forward were supported by two colleagues from the UK. So it is a very much a UK view of things and of course it was a group of 14 which put the report together. So as John says it is a minority view, but the two points raised are fundamental points.

Values when buying food

There is in livestock production and its delivery of product an increasingly complex and long chain to the end user. In that process there are marketable goods and there are non-monetary benefits. The marketable goods are the hamburger or the cheese in the supermarket which can be judged on its quality, its convenience, its acceptability, its presentation. That is strictly paid for through competition ultimately for the consumers attention.

The problem becomes more complex when we add a long list of desirable additional goods (which are detailed in the Report and were reproduced verbatim from the contribution of Ben Mepham). He very carefully catalogues all of these ethical issues as they concern the producers, the consumers, the biosphere, the environment in which we all live, and indeed the animals that are involved. These are all participants and in some ways recipients of either benefits or losses. Most of the things that we speak about here – ethical issues of one kind or another – are not quantifiable in the same way as the taste of cheese or the eating quality of a steak. So the problem then is – and John has touched on this and is very concerned about this – is how in this market situation we can deliver these additional benefits to the consumer.

The view taken in our discussions essentially was that those that are related to safety and health should not be part of that argument. They are properly the concern of the public authority, and there should be mandatory requirements that all food is healthy. Now the boundary where mandatory regulation ends and where freedom to trade begins is of course permanently debated. But the broad principle should be that health and safety should not be part of that argument.

We go then beyond health and safety to the increasingly subjective goods that can be delivered. The view taken and largely reflected on the report that you heard this morning is that it is unrealistic to expect the market system to deliver such things as different views of animal welfare through the market system. Ultimately where they are considered important enough by society they should also become part of the code of practice and perhaps of legal regulations. The fundamental idea underlying this is that in a free market something will be done either if it is profitable for somebody or if there are penalties for not doing it. But just advocating it is generally ineffective.

Now one can take a variety of views on this. You can advocate that we should live in a better world, but to achieve that in the market process requires - in the view of the majority of the people who wrote this report – either profit or regulation.

The second question concerns the future.

We struggled – I have to admit – as we wrote this report to paint an optimistic future for the industry that we all serve - livestock production in the European context. There is a long catalogue of the challenges that exist, and many of these challenges in one way are reflected in price pressures, in pressures on profitability, in increased costs, to meet increased regulations and compliance, and in the prospect of further increases in these pressures on prices from the WTO round of talks that are to come. Two things need to be said about this: the first one is that downward pressure on producer prices has very little impact on consumer prices as we saw from some of the statistics presented this morning. For many products, now less then 20% of the consumer payment actually goes to the producer and any pressure on producer prices in fact has very little ultimate benefit to the consumer. In fact as you reduce producer costs those savings tend to be absorbed by many other actors in the chain. So there is certainly a sense among those who are involved on the production side, who make their living from farming with animals that the power has shifted very much to the point where they are at the receiving end of all additional costs and all additional demands and that they are in fact the ones carrying most of the pressure.

In those circumstances, how can we see an optimistic future for many of those involved? It is fairly clear that the industry is over-manned, so one of the things that will happen – as it has consistently happened in the past – is that there will be a year-by-year and generation-by-generation reduction in manpower. The total value of output of livestock farms in Europe will not change enormously, so there will be fewer people attempting to live off the same volume of product. That is one way in which the industry can compensate. The other is by increases of productivity. In the report there are documented the increases of productivity per animal, per unit of feed and particularly per unit of labour, because that is where incomes are affected.
Thus, there are two ways in which the industry copes with this continuous economic pressure – by the attrition of numbers and by the adoption of new and appropriate technology.

The place of the public sector

Finally, could I come back to a point that I think was mentioned most clearly by Prof. Padilla. That concerns the public sector and its place in this whole business. The public sector clearly is primarily responsible for guaranteeing integrity for the food sector in relation to health and safety. But Prof. Padilla also seemed to suggest that there was a role for the public sector in acting as a controlling agent to ensure ethical behaviour. In the UK recently the Office of Fair Trading has given judgement against supermarket chains for unfair trading practices in relation to their suppliers. My question to the members of the Panel is whether there is in fact an increased role for the public authorities in holding the balance, controlling unethical and unfair behaviour as the food chain becomes more concentrated in its power structure.

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Questions from the audience

Akke van der Zijpp (The Netherlands)

I would like to thank you for this symposium or Round Table on connectedness as it is exactly on this issue that I would like to follow up on the two presentations of Prof. Cunningham and Dr. Hodges.
The comparison I make is something that refers to my home country, The Netherlands, and that is looking at ourselves on the one side as being the priest or the minister, on the other side the tradesmen and I think we have a report that really reflects that position. It is a little bit of both and yet it is not connected. For example we heard this morning, issues are distrust, nitrogen and phosphate overloads, enlargement, globalisation. Then we get ethical issues, accountability which is an ethical issues and new technologies. I would like to challenge EAAP to really continue with this discussion and make clear what are the sociological assets actually involved for enlargement, globalisation. But also what are the issues of ethics behind each of these problems that this working group has pointed out but in my view has not resolved. I think this would be very important for our future discussions. I am not asking for a response but I wanted to put this forward as suggestion as a consequence of connectedness.

J.C. Flamant

Some have been in Benevento during the past week participating in a very interesting Symposium organised by the Livestock Farming System Commission on food quality and there was some conclusion about the development of consumption in respect to the pressure toward quality products. And I know that Vittorio Moretti wanted to put a question related to it.

Vittorio Moretti (Italy)

Only a small question for our speakers. I have heard during the presentation about the importance the geographical indication and the traditional products in guiding the choice of consumers. My question is this: from the technical point of view are we able to develop analytical methods to detect the origin of food and not only from the geographical point of view but also to determine the method of production.

Catherine Reynolds (IFR)

This is one of the areas where my Institute has taken a particular interest both in determining geographical origin and issues of organic provenance. The second is extremely difficult –, as you will no doubt be aware. But in terms of the first, we have methods based on mass spectrometry, which are beginning to give us really good evidence about geographical location. They are fingerprints, chemical fingerprints which simply cannot be obliterated or changed, you cannot over-print chemically by fraudulent methods the fingerprint that is originally there.

If anyone is interested in this sort of work please come to me after the session because my scientist Jurian Hoogerwerff is setting up an international group to actually proceed with this type of work. So there is some work in progression that is of enormous interest internationally and of enormous relevance in framework 6 in the Agrifood sector.

Leo Bertozzi (CFPR)

The truth is that results from physical-chemical fingerprints analysis has to be combined with the signs of quality, the marking system. If these two elements are to go together then we need to have more and more appropriate analytical systems to identify origin and traceability together with control over the labelling or marking of the product. That is why definition of the different marking systems is an important element to trace back to the right origin. Then on a global market its gives authorities in charge of the repression of fraud the correct information to carry their action of control.

Pierlorenzo Secchiari (Italy)

A short question regarding an aspect of functional quality on animal production. What do you think about the problem of the trans-fatty acids in the animal origin food?

Roberto Chizzolini

I am not sure I have understood correctly your question. Are you asking "how much" trans-fatty acids can be found in the various foods or are you more interested in their relevance for human nutrition? Your question gives me the opportunity to raise a point that I consider to be very important and that has not been touched upon here for lack of time. I refer to the subject of functional foods or, in general, to the problem of the relationship between food and human health and well being. The specific problem that you have raised, the presence of trans-fatty acids, will certainly stimulate producers to take the problem into consideration and to modify their products where needed as it has happened in the past with the reduction of total fat and the changes in the composition of fats in foods of animal origin.
In my view this is only part of the problem. Livestock production and food of animal origin production from

now on, or, to be more precise since the last few years, has to address the request lying behind the concept of functional food (a typical example of "from the plate to the field"). Consumers are asking not simply for a lot of food, not simply for a lot of tasty food, not simply for a lot of high quality or for traditional food, they are asking for food that will guarantee their well-being, that will help in maintaining them in good health until a very old age. This is the main issue that food production will have to face. I do not have detailed information on hand on the question of how much trans-fatty acids can be present in the various foods of animal origin nor on how to reduce such content.

Keith Hammond (Australia)

We treat the consumer as an average consumer and yet my understanding from the electronics industry with market stratification is that it is far more complex than an average consumer. That seems to me to have a high level of relevance with different levels of evaluating for example to animal production, to the producers of raw material because with the diversity that exists amongst livestock it is possible and there is already some substantial production in Europe of different foods. Now we are seeing with the information age product description, market segmentation.

My question is how much say does the public sector, the commercial sector – which is in the hands of far fewer – and the producing sector, how much say do they have in deciding the diversity of foods into the future. We could go in one direction and simply have all feed lots as there was in Central America and one form of meat produced, or we could go on another sector and have a broad range of different animal products. Who influences that? The commercial? Does the producer have any say in that? Does the private sector have any say? And if so how much?

Italian (from the audience)

I don't think that you can consider the private sector as only one system. In the private sector or for example in retailing or industry there are at the same time different feelings regarding the function of their clients, in affecting the philosophy of the company. For example: at a given moment facing to the GMO arguments, some companies decide to go ahead and set very stringent standards for their suppliers; at the same time other companies – if they are very strongly involved in the mass market – do a different thing, they want to break in this direction. They are interested but will probably develop in five or ten years if they are not forced to. So whether you are interested to do something or not depends upon you, your company, your client, your situation, your country. So the fermentation of the market could be reduced or enlarged. It depends. From my perspective there is not a unique answer. From the retailing point of view and from the producer point of view probably there may be. Thank you.

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Conclusions

J.C. Flamant
At the end of this Round-Table I ask to everybody of the panel to provide his or her concluding comments very briefly.

Leo Bertozzi (CFPR)

Very few words: market access. You come from several countries and work in animal production. Well please try to work to maintain and develop product diversification. This would allow the local system and the different cultures to be increased and not to go all together towards a unique system, which is not what people want.
Speaking now for myself from a producer point of view, we need to have an access to the market and through Geographical Indication this could be one way.

Vittorio Ramazza (Coop)

The activity made by "Coop" in these last 15 years contributed to increase guarantees along all the productive chain where we have our private label and resulted credible to the consumer.
"Coop" will certainly continue in this direction in the future. Trying to do this at the cheapest cost possible. The approach "*from the plate to the field*" – so the opposite – will be more and more important in our opinion in the future and consequently the productive system should act consequently.

Catherine Reynolds (IFR)

The key to the future may be not so much reconnecting the chain between the producer and the consumer – I could argue that this is not worthwhile. We cannot change back. What we should be doing more of is reconnecting 'real consumers' (as opposed to consumer activists who may be promoting their own personal agenda) with the influence-points in decision-making. Then we have less risk of mismatch between citizen and consumer aspirations.

Martine Padilla (IAMM)

For me, there are two messages.

The first one: let us listen to the consumers. But do not tell them that they need all the new products. We have to take professional interests into account.

The second one: let us fight for a standard system but only a moderate one. Otherwise, we kill the specific products. Standardisation of everything is very expensive for small and medium enterprises and it is too expensive for poor countries and, further, it does not take into account the nutritional contents of the products. So beware of going too far: safety yes, but too much safety I say no. Too much biological protection leads to health problems like allergies and it kills the taste and flavour of products.

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Closure

J.C. Flamant

So ladies and gentlemen, Dear colleagues, we now arrive at the end of this Round-Table. Certainly the feeling has been reinforced that we cannot be efficient in our activities - producers, industry, retailing companies, teachers, scientists and so on - without a better knowledge and understanding of consumers.

In a previous debate, last year in France I heard the director of a major retail company who said : "*Consumers are our powerhouse*". Really, it is important to focus our interest on the consumers. Nevertheless we have to understand, that if we do it as during this Round Table, it is not easy to discern who really are the consumers and what are the main traits for characterising their development or their capacity to influence the production sector. In fact, consumers are unpredictable and the consumer cannot be found! If we consider the quantitative traits of consumption, we can see long-term trends, for instance in respect to meat consumption, increased popularity of poultry and reduced demand for beef meat. There are also new exigencies respecting what is called "Quality", in relation to the impact of the recent crises, with an increasing interest for the appellations of origin on which topic public regulation has a determining role. But, we also heard about the search for consumers and producers to work together in a closer relationship and to pay more attention to environmental aspects, although this aspect seems to be shared only by a limited segment of consumers. There no clear coincidence between the opinions expressed by the citizens and the choices made by the consumers. So, we shall have also to discuss further how the new values accorded to food by consumers in the market place and also we must examine further the possibilities of promoting new ethical values in the public sector.

Finally, is it possible to have a good understanding of the consumers and of their development and choices? At this stage I keep in the mind the remark of Catherine Reynold: "*Understanding consumer expectation is like peeling back the layers of an onion*". What does it mean? An onion, you say? Is it a matter of tears for the future of the animal production sector? This is my final question!

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