

Study on the socio-economic implications of different aspects of farming weaners and pigs kept for fattening

Abstract

The study analyses the possible consequences of enhanced animal welfare standards in the pig meat sector (weaners and pigs for fattening), at farm and sector level. A scenario methodology is applied, where scenarios are defined by different combinations of space allowance per head and type of floor, based on EFSA standards. A simulation is carried out in 6 scenarios, by imposing the following conditions:

- (i) Increase of space allowance of standard fully slatted rearing systems (0,65m²/head) to 0,75m²/head (scenario 1), to 0,80 m²/head (scenario 2) and to 1,00 m²/head (scenario 3). We refer to these scenarios as *adaptive scenarios*.
- (ii) Conversion of fully slatted rearing systems into partly slatted ones, at 0,75m²/head (scenario 4); conversion of fully slatted rearing systems into partly slatted ones, *combined with* an increase in space allowance at 0,80m²/head (scenario 5). We refer to these scenarios as *evolutionary scenarios*.
- (iii) Conversion of both fully and partly slatted rearing systems to straw based ones at 1,00 m²/head (scenario 6). We refer to this scenario as *radical scenario*.

Increased animal welfare standards result in an increase in production costs in adaptive and radical scenarios, whereas evolutionary scenarios (nr. 4 in particular) show a potential for a slight reduction of production costs in the medium term. Gross margins show the same trend. To recover the former level of profitability, pig farm size must grow accordingly, while the number of pig farms in the sector decreases. Investments are always required, to a greater or lesser extent. Farmers' financial capability in sustaining the required investments is the economic barrier deciding who leaves and who stays in the sector. The number of working units employed in the sector decreases, together with pig meat supply. The relative intensity of the above effects is summarized in the figure below.

Main effects of the scenarios

Scenarios	Adaptive			Evolutionary		Radical
	1	2	3	4	5	6
Production cost	++	+++	++++	-	-/=	++++++
Structural dynamics	+	++	+++	+	+	+++++
Employment	-	-	--	-	-	----
Domestic supply	=/-	-	--	=/-	-	-----
Competitiveness	-	--	---	=/-	--	trend reversal ¹

Legenda: (+): increase, acceleration; (-): decrease, deceleration; (=): stability, no relevance

The adoption of enhanced animal welfare standards accelerates the normal trend of the structural dynamic of the sector, at a varying pace in the different scenarios. Impacts are rather limited in evolutionary scenarios, gradually become relevant in adaptive ones, and reach the greatest extent in the radical one.

Policy strategies to minimize socio-economic impacts should take into account specific measures and adequate transitional periods. The strategies which could be designed to this purposes are listed below (in brackets the recommended length of transitional periods):

- *Adaptive scenarios*: selected access of farmers to incentives to enhance animal welfare standards; support supply chain organization and quality schemes featuring the compliance to animal welfare standards; promote better social awareness on animal welfare and improve communication according to regional specificity; promote quality schemes in leading export markets (2 to 5 years).
- *Evolutionary scenarios*: selected access of farmers to incentives for investments aimed at enhancing animal welfare standards; support supply chain organization and quality schemes featuring the compliance to animal welfare standards (3 to 4 years).
- *Radical scenario*: focus on regional problems related to the decline of the sector and its consequent restructuring (e.g. promote rural development, provide for the re-allocation of human and material resources, assist former exporting Member States); support radical re-organization of the pig meat supply chain (5 to 10 years).

¹ - This scenario would not simply result in a lower degree of competitiveness but even in the need to import pigmeat from third countries to satisfy the EU demand (which is a reversal of the current export trend).