



GCAW

Global Coalition for Animal Welfare



Understanding Local Conditions and Context for Transitioning to Cage-Free Egg Production in China

Summary of a report for GCAW, December 2019

Summary of a report prepared by FAI Farms Ltd. for GCAW, December 2019

Many global food businesses and retailers intend to phase out caged eggs from their global supply chains by 2025. The current percentage of cage-free egg production in China is low. This poses a challenge for global brands that have pledged to shift to cage-free egg production. This report, commissioned by GCAW, highlights pertinent information required for a successful transition to cage-free production in China, with relevance for all food supply chain actors. The information in this report was collated by FAI with input from their network in China, that includes producers, auditors, food businesses and animal welfare NGOs.

China is the largest egg producer in the world, providing 43% of the world's total output, with a 24% increase in production from 2006 to 2015. China has a wide variety of egg production systems in place and different ranges in flock sizes; ~90% of egg production is currently in conventional cages, although this is changing.

There are no marketing standards related to systems of egg production in China, nor clear and well-defined production and egg labelling standards, such as in the EU (and, to a lesser extent, in the USA). The main limitations to implementing any of the international welfare standards (e.g. RSPCA Assured, KAT or Beter Leven), is that relatively few Chinese producers are likely to meet the basic food safety/traceability and welfare criteria required by such international assurance standards. The China Association for Standardization (T/CAS 269-2017) has developed a (voluntarily) welfare farm production standard specifically for laying hens. Mandatory legislation on cage-free production is unlikely in China. This means that a significant and prolonged programme of improvements, technical guidance and support is needed for a successful shift to cage-free.

Animal welfare activities have increased in China since 2013, following the establishment of the International Co-operation Committee for Animal Welfare (ICCAW). Since then, there have been regular meetings and conferences dedicated to welfare. International NGOs (those that are able to operate in China) are also active. Surveys on Chinese citizens' attitudes and knowledge about farm animal welfare demonstrate a concern, and a potential willingness to pay for animal welfare linked to food safety. This, against a background of numerous local incidences of food poisoning and zoonotic diseases, have heightened the attention of the public and the central government on animal health and welfare. Linking cage-free egg production to a quality, safe food product is key in order to benefit producers, consumers and laying hens.

The report included a broad SWOT exercise, that identified key points (listed in the tables below) for the conversion to cage-free.

Some of the challenges and risks to progress:

- A lack of cage-free definition and standards, for producers and citizens.
- Wide variation in levels of food safety, husbandry, management and veterinary knowledge.
- Potential food safety concerns.
- An increase in free-range/backyard poultry flocks (without good biosecurity) poses an increased risk to diseases such as Avian Influenza (AI) that has affected bird numbers and egg production.
- Antimicrobial resistance is a major public safety issue in China.
- The costs of conversion are substantial for large producers and require significant fundamental shifts in the management of laying hens, which could threaten commercial feasibility and hen welfare.
- Small producers, who mainly sell direct to wholesalers in small quantities, have limited leverage for supply and guarantee of contracts.
- Lack of trust in food labels by Chinese citizens.

Some of the opportunities:

- Building on the diversity of current egg production systems.
- Free-range egg production (as part of a mixed farm system) is an established farming and cultural norm in China, so it is likely that inherent welfare benefits of free-range will be realised.
- Food safety is a key driver and concern of Chinese consumers. There is a strong preference for animals reared outdoors eating 'natural feed', and the perceived health benefits of such products.
- A natural link between animal welfare, food quality and safety may facilitate the willingness to pay a price premium.
- Highlighting the benefits of efficient system management, including utilisation of manure compost, increased egg production from healthy birds with good welfare and good environmental credentials.
- The opportunity for the Chinese industry to be a global leader, implementing a welfare standard, supporting producers with training and extension and utilising technology to aid management.

The transition to cage-free in China should consider:

Increasing awareness	On cage-free eggs as a package of benefits, delivering on quality, food safety, animal welfare and a 'cage-free' label, which is trustworthy.
Agreeing standards	Defining a baseline standard for cage-free egg production as a starting point for supply. Engaging with relevant government and GONGO's (government organised non-governmental organisations) so that they recognise and support baseline and international assurance standards.
Ensuring food safety and traceability	Introducing traceability to ensure that cage-free eggs really are cage-free, safe and of high quality, such as a regulatory system verifying quality and origin of eggs.
Locating financial support	Determining the possibility and willingness of financial organisations and government to support producers in implementing higher welfare egg production systems via tax reductions and low interest rate finance.

Next steps

- GCAW will engage with supply chain actors in China through participation in topical meetings, and directly with suppliers, to better understand the status and challenges in the transition to cage-free egg production.
- GCAW will explore the development of cage-free egg production standards linked to biosecurity, food safety and traceability criteria, with stakeholders in China.
- Future activities will focus on developing a potential programme of improvements for producers with training, practical and technical support, in collaboration with relevant Chinese organisations/industry support and egg producers.

Relevant stakeholder organisations in China include:

- China Animal Health and Food Safety Innovation Alliance (CAFA)
- China Chain Store & Franchise Association (CCFA)
- Compassion in World Farming (CIWF)
- Global Food Partners
- Integrated Quality Consulting (IQC)
- International Cooperation Committee of Animal Welfare (ICCAW)
- PWC China
- The Royal Society for the Prevention of Cruelty to Animals (RSPCA)
- World Animal Protection

Further information on this report is available on request.
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