

The EU Council Presidency and its impact on livestock legislation

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Brief Background

On 30 June 2021, a citizen lead proposal was officially communicated by the European Commission. A legislative proposal was announced that aims to phase out, and finally prohibit the use of cages for laying hens, cows, calves, rabbits, pullets, broodstock, laying hens, broiler breeders, quails, ducks, and geese. The proposed implementation of this legislation is set to begin at the end of 2023, during which the Council of EU will transition its presidency. This proposal is the catalyst for a chain reaction of tangible, substantive change. With the leadership of a few key countries, the initiative will be able to help guide the world forward to a greener, cleaner, and better future by ensuring an effective and seamless transition to a cage-free EU.

In previous years, the decision-making processes of the presidency and the Council of the EU were often interpreted as complicated and quite complex. However, the Council now works to ensure all operations have become more transparent and open to the public (The Council of the European Union, 2022). In fact, European citizens are encouraged to participate by voicing their values to the Commission who will then propose legislation based on this input, resulting in a European Citizens' Initiative.

They may do so on matters which are within the scope of the Commission's legal powers and the organizers of the initiative must collect at least one million supporting signatures from at least seven Member States (ECI 'End the Cage Age', 2022). If all prerequisites are successfully accomplished then the Commission is obligated to provide an analysis of the initiative from a legal and political perspective. Subsequently, the Commission outlines the actions it intends to take, if any, its reasons for doing so, and the envisaged timeline for these actions.

The Council of the EU and its importance at the legislative level

On May 9, 1950, the Council of the European Union was established on the foundational principles of peace and solidarity. Since its inception over 70 years ago, the Council has worked to elucidate the priorities and the general political direction of the European Union. The Council of the European Union has led the execution of countless negotiations, accords, and various legislative acts. The resulting policies involve parties from all over the world both within and outside the European Union.

The Council serves alongside the High Representative of the Union for Foreign Affairs and Security Policy to ensure unity, consistency, and effectiveness in relation to all EU external action. Specifically, at the legislative level, the Council of the European Union aims to help promote and achieve the EU's policy objectives through International agreements. These agreements address matters such as cooperation and development, or they may deal with specific policy areas such as textiles, fisheries, customs, transport, science, and technology. The Council is vital to all stages of negotiations for legislative policy and is ultimately responsible for implementing agreements into EU law ('History', 2022).

The Council of the EU consists of representatives of the member states. Among this body, The Council designates EU member states for a temporary presidency. This presidency is rotated every 6 months. During this period, those member states holding the presidency worked together closely in groups of three called 'trios' (The Council of the European Union, 2022). The 'trio' system was introduced by the Lisbon Treaty in 2009. The trio sets long-term goals and prepares a common agenda determining the topics and major issues that will be addressed by the Council over an 18-month period. On the basis of this strategic planning, each of the three countries prepares its own more detailed 6-month program.

In the 6-month period, the presidency is responsible for chairing meetings at all Council levels and must lead examinations, negotiations, and implementation of EU legislation adopted during their term. Doing so helps to ensure the efficiency and continuity of the EU's work. In most cases, the work of the presidency co-decides with the European Parliament. The next trio will consist of Spain, Belgium, and Hungary, beginning in July 2023.

It is these three powerful nations that will be essential for progressing 'End the Cage Age' standards. For Spain, Belgium, and Hungary the upcoming presidency term will provide ample

opportunity to achieve substantial progress towards a more ethical, environmentally sustainable, and fiscally responsible future for all of the European Union and beyond.

EU proposal regarding End the Cage Age and how it would affect the 3 countries

As mentioned previously, the EU ECI¹ 'End The Cage Age' works to prohibit cages for a number of farm animals. The proposal will come as part of the ongoing revision of the animal welfare legislation under the Farm to Fork Strategy. The Farm to Fork Strategy is at the heart of the European Green Deal aiming to make food systems fair, healthy, and environmentally friendly (Farm to Fork strategy, 2022). The reason for such systems is the Council of EU's determination that food systems cannot be resilient to crises such as the COVID-19 pandemic if they are not sustainable (Farm to Fork strategy, 2022).

In the name of sustainability, the EU proposed the focus of the 'End the Cage Age' ECI will begin in 2023 by phasing out and eventually prohibiting the use of cages for hens, mother pigs, calves, rabbits, ducks, geese, and other farmed animals. Following this, the use of cages for all farmed animals across Europe will be prohibited by 2027 (End the Cage Age, 2022). The proposal also ensures that all imported products in the EU comply with future cage-free standards.

Finally, the Council of EU guarantees assistance regarding incentives and financial support to European farmers during the transition to cage-free farming. This guided implementation will be individualized for each unique member state, as their food, social, and economic systems all vary.

This report will examine the implications for Spain, Belgium, and Hungary. Not only are these three countries of the utmost importance to the "End the Cage Age" proposal as the succeeding presidency trio, but also their undeniable presence and subsequent support in the movement are vital for the implementation of the EU proposal. Each of the three countries in the upcoming presidential trio has a unique governance structure and current agricultural system. Belgium, Hungary, and Spain are all in varying positions in their transitions toward cage-free systems, therefore, the way in which they will be affected and interact with the proposal will differ from country to country.

¹ European Citizens' Initiative

Political Situation in Spain, Belgium and Hungary

In terms of political and legislative support Belgium, Hungary, and Spain have made great strides, while still requiring a large-scale change in the future. When examining data regarding European politics, one can conclude the ETCA² has been the largest campaign for farmed animal welfare in the history of the European Union. According to official EU records, Belgium, Hungary, and Spain summatively account for 150,712 signatures of support ('End the Cage Age', 2022). At the time of passage, Spain led this trio with 85,765 signatures, exceeding their predetermined threshold of 40,500 by 211.74% ('End the Cage Age', 2022). Belgium had an even more significant percentage of public support with 396.17% of their 15,750 thresholds totaling 62,397 signatures ('End the Cage Age', 2022). Thirdly, Hungary failed to meet its desired total only receiving 2,550 of their 15,750 expected thresholds equalling 16.19%. Even so, 'End the Cage' is only the 6th ECI¹ to succeed among 76 registered initiatives in the last eight years ('Compassion in World Farming', 2020).

The public support for this movement is undeniable. 'End the Cage Age' is the 1st ECI¹ for farmed animal welfare to achieve the required threshold of 1 million signatures. Furthermore, ETCA² is also the 1st ECI¹ for animal welfare that has successfully led to a commitment from the EU Commission to overturn EU legislation and to implement revisions that will take over 300 million animals out of their cruel cages by 2027 ('Our Campaign', 2022). According to the public records provided on the End the Cage Age organizer page, "This movement is representative of the 94% of people in Europe who believe protecting the welfare of farm animals is important, and 82% who believe farm animals should be better protected" ("Attitudes of Europeans towards Animal Welfare"). Individual citizens are not the only supporters of the 'End the Cage Age' initiative. The ETCA⁴ network consists of 18 NGOs³ from Spain and 5 from Belgium ('End the Cage Age', 2022). The overwhelming public support has put pressure on not only political leaders but also major corporations as well to appease their consumers.

Industry and Macroeconomics in Spain, Belgium and Hungary

² 'End the Cage Age'

³ Non-governmental Organization

ETCA² will affect the macroeconomic and business landscape of Spain, Belgium, and Hungary to varying degrees. Belgium will require the least amount of overall systemic changes. Currently, Belgium has only 4,407,909 live animals in cages or 31% of its total ('End the Cage Age', 2022). Hungary will require substantial adjustments to a cage free system as it currently holds 71% or 12,328,798 of its animals in confinement ('End the Cage Age', 2022). Finally, Spain will require the greatest amount of change to remove the 88,388,145 or 89% of its animals from their current caged living conditions. However, these numbers are in regards to all caged animals, not specifically laying hens. In terms of the farm industry, the goals of ETCA² are very much achievable in the near future.

Laying hens account for an important part of the EU's farm industry. In 1999, three rearing systems for laying hens were formally established under Council Directive 1999/74/EC. In 2012 non-enriched systems were barred from the market, now only enriched cages and alternative systems remain in use. Enriched cages are defined as a farm system in which, "laying hens have at least 750 cm² of cage area per hen" ('Laying hens', 2022). Meanwhile, alternative systems incorporate systems in which, "stocking density does not exceed 9 laying hens per m² usable area, with at least one nest for every 7 hens and adequate perches" ('Laying hens', 2022). Within these permitted guidelines, there currently remains a total of 380 million laying hens in the EU, with the majority (61%) already cage free (Committee for the Common Organisation of the Agricultural Markets, 2022). Laying hens make up a large portion of Belgium, Hungary, and Spain's respective economies as well.

Belgium currently has 10,905,879 (or 2.9% of EU) laying hens in total which can then be categorized by cage systems, producing the following percentages (Agriculture and Rural Development, European Commission 2023).

- % enriched: 37%
- % barn: 42.3%
- % free range: 14.2%
- % organic: 6.5 %

Hungary has 7,548,745 (or 2.0% of EU) laying hens which can then be further divided into the following percentages of cage systems.

- % enriched: 71.2%
- % barn: 27.2%
- % free range: 1.3%
- % organic: 0.3%

Thirdly, Spain has a notable 47,317,356 laying hens, making up 12.4% of the EU's total laying hens. This total can be divided into the following percentages of cage systems.

- % enriched: 68.6%

- % barn: 20.0%
- % free range: 9.9%
- % organic: 1.5%

According to the EC⁴ data, the EU produced 6,7 tonnes of eggs in 2022. In the same year, the EU consumed 6,348,000 tonnes of eggs (Committee for the Common Organisation of the Agricultural Markets, 2022). In general, the EU produces and therefore supplies more eggs than it consumes leaving an export positive. The respective economies account for the following production and consumption trends.

Firstly, agricultural products in Hungary were responsible for 6% of total imports (Best Food Importers, 2020). Of this 6%, Dairy products and eggs represent 9,9% of the total food imports, meaning less than half of 1% of Hungary's market consists of egg and dairy. The majority of Hungary's economy which is mainly influenced by cars and vehicle parts will not experience particularly notable economic changes if their egg consumption or production changes.

Secondly, similarly, to Belgium's economy, the main influences are not food or agriculture. In 2023 Belgium was the number 23 economy in the world in terms of GDP⁵, the number 14 in total exports, the number 14 in total imports, the number 20 economy in terms of GDP⁵ per capita, and the number 17 most complex economy according to the Economic Complexity Index. (The Observatory of Economic Complexity BEL, 2023).

Food imports of Belgium plummeted by 35.24 % from 10.8 % in 2020 to 7.0 % in 2021. Since the 5.89 % surge in 2015, food imports sank by 36.50 % in 2021 (Knoema, 2022). However, Belgium does remain Number 9 of the top countries dependent on imports for food, Belgium at \$40.87 billion USD (Cago, 2017). 74% of Belgian table eggs exported are fresh hen's eggs in the shell. Export is mainly to the Netherlands (Flanders' Agricultural Marketing Board, 2022). In 2019, Belgium exported over 463 million chicken hatching eggs. A large part goes to the Netherlands, and no less than 57% of the exported volume is sold in non-European countries (Flanders' Agricultural Marketing Board, 2022). Concurrently, in 2019, Belgium exported 23.435 tonnes of egg products (Flanders' Agricultural Marketing Board, 2022). Belgium's economy in recent years has already minimized its imports and therefore, will benefit from the self-sufficiency ETCA² will help provide.

Thirdly, Spain's economy also has its unique strengths and weaknesses. In 2023 Spain was the number 14 economy in the world in terms of GDP⁵ the number 16 in total exports, the number 15 in total imports, the number 36 economy in terms of GDP⁵ per capita (current US\$), and the number 35 most complex economy according to the Economic Complexity Index. (The

⁴ European Commission

Observatory of Economic Complexity ESP, 2022). One of the top exports of Spain is Pig Meat (\$6.47B), exporting mostly to France (\$47.6B), Germany (\$34B), Portugal (\$23.8B), Italy (\$22.8B), and United Kingdom (\$18.9B) (The Observatory of Economic Complexity ESP, 2022). Spain is the only one of these three countries, that has an animal product in their top exports. Food imports of Spain slumped by 6.50 % from 11.9 % in 2020 to 11.1 % in 2021. Since the 0.22 % rise in 2019, food imports rose by 3.27 % in 2021 (Knoema, 2022). Those in Spain are well aware of the shifts in food imports over the last five years. As one of the main goals of the Council of the EU and the ETCA² initiative is to promote more self-sufficient, sustainable food systems, this will counteract Spain's currently unstable economic system.

Along with overall macroeconomic trends, these countries' corporate context has been taken into account when implementing ETCA², as this directly relates to Allocation Coefficients and Decisions Egg Import Tariffs (Commission's Directorate-General responsible for Taxation and Customs Union, 2022). According to the most recent data in 2020, Belgium had a Production volume of 115.40KMTs (Tridge, 2022). For Hungary, the corporate sector currently consists of mainly Large egg farms which satisfy 52% of domestic demand for eggs, small producers 26%, and imports of 21-22% (Budapest Business Journal, 2019). Last year, Hungarians consumed 238 eggs per capita, on average, according to data compiled by the Central Statistical Office (KSH) (Budapest Business Journal, 2019).

Ways of financing the transition (PAC)

The leading point of hesitation regarding ETCA² is the manner in which the Council of the EU plans to finance this transition. The solution lies in a partnership established in 1962. 60 years prior the Council of EU created the Common Agricultural Policy. The EU currently operates under a multiannual financial framework amounting to €1.21 trillion (in current prices) ('Common agricultural policy funds', 2022). This along with an additional €808 billion ('Common agricultural policy funds', 2022) from the next generation EU recovery instrument creates an abundant source of funding eager to be fully utilized. ETCA² will have access to the total allotment for the common agricultural policy equals €386.6 billion ('Common agricultural policy funds', 2022). This sum is allocated between two funds that are presently referred to as the "two pillars" of the CAP⁵.

The Common Agricultural Policy refers to cooperation between agriculture and society and between Europe and its farmers. The aim of the CAP⁶ explicitly states its objectives to "support farmers and improve agricultural productivity, ensuring a stable supply of affordable food; safeguard European Union farmers to make a reasonable living; help tackle climate change and

⁵ Common Agricultural Policy

the sustainable management of natural resources; maintain rural areas and landscapes across the EU; keep the rural economy alive by promoting jobs in farming, agri-food industries and associated sectors ('The common agricultural policy at a glance', 2022). All EU countries currently abide by the Common Agricultural Policy directives. Therefore, the EU's budget is the benefactor for all resource and economic disbursement for any systems that fall within CAP's⁶ applicable categories.

The CAP⁶ acknowledges and pays particular attention to the unique challenges faced by farm and agricultural producers. This special consideration comes as a result of statistics such as the fact that farmers' income is around 40% lower compared to non-agricultural income despite the vitality of food production ('The common agricultural policy at a glance', 2022). Along with this, the CAP⁶ acknowledges the unpredictability of farming as agricultural systems are dependent on the capricious character of the EU's climate and weather, factors many other sectors do not need to account for. Finally, the CAP⁶ aims to bridge the unavoidable time gap between the agricultural market's supply and demand. Unlike other markets, there is a fixed time between a farmer's ability to grow various products or raise assorted animals and the consumer's daily demand for such commodities. The CAP⁶ aims to remedy these concerns and a variety of others in a way that is cost-effective, sustainable, and environmentally friendly. According to the founders of the CAP¹¹, the unique way in which the environment and business uncertainties may impact this particular market calls for a substantial contribution from the public sector to support farmers. The CAP⁶ actively works to assist all farmers, including those impacted by ETCA² through three avenues: market support, income support, and rural development measures. Each of these three measures will be utilized and maximized in the ETCA² transition in order to support all laying hen managers.

To begin, the European agricultural guarantee fund is known as the "first pillar" of CAP⁶ funding. €291.1 billion is allocated for this pillar which consists of market measures and income support. When one expands on the system of market measures, it becomes clear that ETCA² will be sufficiently supported. The CAP⁶ system of market measures will ensure that all markets which interact with laying hens will remain stable and strong. The CAP⁶ market management system will facilitate a smooth market transition to a cage-free system. These market intervention measures are not a financial responsibility of any producer as they are financed by the European agricultural guarantee fund ('Market measures explained', 2022). The Commission hopes to quell any concerns regarding the accountability or oversight of the CAP's⁶ market management methods by directly working with EU countries and stakeholders to gather all data, prevent unfair trading practices, and develop a contingency plan to ensure the most informed oversight possible. The agricultural market task force created under CAP⁶ works directly with producers of all sizes and interbranch organizations across the EU, to create space for farmers to voice their thoughts and to allow all stakeholders an active role in the market intervention process. These are policies being made for farmers by farmers. Furthermore, the Commission

aims to secure public confidence in all aspects of market management by making all observations and data collected publicly available at the agri-food data portal to allow for transparency and accountability ('Market measures explained', 2022). CAP⁶ also provides financial benefits through the EU's promotion policy which aids EU farm product sales in an undeniably increasingly competitive global market ('Promotion of EU farm products', 2022). These promotion campaigns supporting EU farm products are created to stimulate new opportunities for EU producers and the at large respective industry. Along with new developments, the campaigns will support existing businesses. The CAP⁶ will not only help sell cage-free eggs, but it will also develop job opportunities and stimulate the labor markets of all countries involved. Along with assistance in management, in 2022 the European Commission designated €185.9 million of the Annual Work Program funding to support promotion activities for EU agri-food products such as the new and improved cage-free eggs across the EU and abroad ('Promotion of EU farm products', 2022). Under the European Green Deal, the EU explicitly states its intention to the "organic action plan and the Communication on the European citizens' initiative 'End the cage age'" ('Promotion of EU farm products', 2022).

The second method the CAP⁶ can utilize to assist the transition of the EU to a cage-free system is income support. According to the public data produced by the EU, €270 billion of the EAGF⁶ is allocated for income support schemes ('Common agricultural policy funds', 2022). As stated by the Council of the EU, the European Commission is able to provide farmers financial support by subsidizing their income through a variety of payments. These payment methods include "a basic payment scheme, a payment for sustainable farming methods ("green direct payments") and a payment for young farmers" ('Income support explained', 2022).

As their name suggests, direct payments are a clear way in which the EU's CAP⁶ can provide a "safety net" to create more profit for farmers, ensure food security throughout the EU, guarantee food security, and aid in "the production of safe, healthy and affordable food" ('Income support explained', 2022). Along with this, the EU is able to compensate farmers for their efforts to produce products not normally rewarded by the market, for example, cage-free eggs. Two major benefits of these payments are their flexibility and security. In order to support the diverse farm conditions across the EU including Belgium, Hungary, and Spain, each member is given options to choose how they receive this money. Included in this income support is an essential payment which is categorized into two distinct methods. The first is the single area payment scheme, a simplified transitional scheme, and the second is the basic payment scheme ('The basic payment', 2022). There is an overwhelming amount of data that demonstrates how successful and effective this payment system has been for countries across the EU. According to the most recent data produced by the European Commission, this financial support accounts for a vital percentage of agricultural income and directly benefits nearly 6.3 million farms throughout the

⁶ European agricultural guarantee fund

EU ('Income support explained', 2022). In the last decade, "income support represented nearly half of farmers' income" ('Income support explained', 2022). There are countries with some understandable concerns about the validity and oversight of these payments, however, the EU has been actively working to amend their process to ensure the income support is not in any manner abused or corrupted. To provide complete transparency to all parties, the national administrations are required under the Commission's direction, to publish all beneficiaries of CAP⁶ payments ('Income support explained', 2022). Furthermore, the CAP is constantly being improved and under the newest CAP,⁶ there have been changes to the income support system. These new measures specifically aim to, "ensure a fairer distribution of financial support for farmers and workers across the EU ('The basic payment', 2022). The new CAP⁶ will be implemented in 2023 during which Spain, Hungary, and Belgium will hold the presidency.

Beyond market measures and income support, the CAP⁶ also establishes a third method of support through rural development measures. Rural development is referred to as the "second pillar" of the CAP⁶ which reinforces the "first pillar" which consists of income support and market measures by, developing the environmental, social, and economic aspects of farming ('Rural development', 2022). CAP⁶'s investment in the EU's rural development objectives is subsidized by the European agricultural fund for rural development. Spain, Hungary, and Belgium will function under the 2021-27 EAFRD budget equating to €95.5 billion. Within in this considerable budget is €8.1 billion allocated from the EU recovery instrument to specifically address the challenges posed by the COVID-19 pandemic ('Rural development', 2022). Spain, Belgium, Hungary, and all EU countries will be eligible to receive this aid as EAFRD⁷ funding is designated for rural development programs. Funding for RDP⁸ can be divided into four categories including "Spending on Climate and Environment", "Supporting Local Actions", "Promoting Smart villages", and "Financial Instruments". ETCA² initiative may specifically apply the financial instruments component to utilize the EAFRD's ability to serve as a source for a variety of economic assistance such as "loans, microcredit, guarantees and equities," which under EAFRD are available to recipients in agriculture and farming ('Rural development', 2022).

The three avenues in which the Common Agricultural Policy utilizes to support the ETCA² initiative are funded and supported by the EU budget. It is the responsibility of the Commission to manage CAP⁶ finances. As referenced previously, these two funding strategies include the European agricultural guarantee fund EAGF⁷ which supplies market measures with direct funding and the European agricultural fund for rural development EAFRD⁸ which focused its finances on the rural development aspect. According to the most recent data, the EU provides farmers with €57.98 billion annually. To dissect this lump sum even further, €41.43 billion goes towards income support, €14.18 billion is allocated for rural development, and €2.37 billion is

⁷ European agricultural fund for rural development

⁸ rural development programs

responsible for market measures. This number is an ever changing percentage of the total EU budget as it is adapted to address the numerous factors that are required to ensure, “continued access to high-quality food, which includes functions such as income support to farmers, climate change action, and maintaining vibrant rural communities” (‘The common agricultural policy at a glance’, 2022). All EU countries are expected to provide a basic payment utilized for the thorough process of ‘greening’, otherwise known as sustainable farming methods. This basic payment also provides a means of payment for young farmers as well. The distribution of this funding is based on two main categories. The first criterion is the farmed hectares. The amount a country’s farmers may expect to receive from CAP⁶ generally corresponds with a farm’s size in hectares, however, the quantities produced are not a defining factor. The EU has delinked payments from the quantitative amount of production in order to fend off ‘food mountains’ similar to those endured by the EU in the late 1970s and 1980s. Moreover, this size-based payment system will be particularly advantageous under the ETCA² because as the initiative is adopted, more land will be required per animal. As farmers expand their land to meet the new cage-free requirements, they will receive more supplemental income from the CAP⁶ budget. The second criteria used to determine the amount of income support received is ‘cross compliance’. This corresponds to a country’s adherence to EU foundational principles such as, “respect for the environment, plant health, and animal health and welfare, [while also] contributing to sustainable agriculture” (‘Income support explained’, 2022). This is referred to as ‘cross compliance’. If it is determined that a country is not willing to comply with these EU standards, they are to expect a reduction or complete pause of payments. For major producers such as Spain, an income support scheme based on farm size has its obvious benefits. However, the CAP⁶ funding takes into account smaller EU countries such as Belgium and Hungary in which the average payment is below 90% of the EU average. For countries within the minority, their payments are increased by “one-third of the difference between their current rate and 90% of the EU average” (‘Income support explained’, 2022). Contrastingly, in countries that receive a payment higher than the EU average, the given income amounts are consecutively adjusted downwards. This ensures an equitable distribution of funds for all-sized member states. These payments can then be adjusted even further to ensure all member states’ needs are met. CAP⁶ financing offers country’s the opportunity to choose from other payments that may be more suitable for particular sectors of farming. Payment choices also include a range of schemes specifically designed to help, “small and medium-sized farms, young farmers, farmers who operate in areas of natural constraint and/or sectors undergoing difficulties” (‘Income support explained’, 2022). This comprehensive payment system ensures that no country no matter the market, size or circumstances will be left unassisted throughout the transition of ‘End the Cage Age’.

Addressing Concerns

Although the CAP⁶ does provide a very comprehensive outlook on financially supporting Spain, Hungary, and Belgium under ETCA², we do wish to acknowledge the understandable concerns surrounding previous political oversight and subsequent mismanagement of CAP⁶ funding. Many feel there is a lack of transparency that has facilitated the misallocation of funding. These critiques have not been ignored during negotiations for the new €270 billion CAP⁶ budget. As a result, various methods of financial assurance have been integrated into the new system to fully ensure that the common agricultural policy budget only finances and projects in line with the EU guidelines. Some of these preventative measures include the expansion of ARACHNE (Wax, 2021), a data mining tool, utilized to closely monitor where CAP⁶ funds are distributed from beginning to end. The European Commission spokesperson recently stated that the EU executive will "ensure its obligation" to establish this new tool and monitor closely how it is run for all EU governments to access in the new CAP⁶ beginning in 2023. Numerous governments are coming forward with statements of assurance such as Brussels which has stated publicly that the "so-called error rate of funds being misused 'remains at a very low level'" (Wax, 2021). ARACHNE is not the only step being taken toward a more honest and transparent system. As part of the new CAP development process, stakeholders have reached the consensus that there must be an increase in transparency. The public has the right to access information regarding exactly who, what, where, why, and how beneficiaries are receiving farm subsidies. Therefore, all recipients are obligated to disclose what broader legal entities they are associated with or report to.

Beyond transparency, there are multi-level assurance systems in place to guarantee accountability for financial management at all stages in the payment process. As referenced previously, the principle of shared management entails that paying agencies are responsible for the execution of the proper payment. This is particularly important because all aspects of paying agencies' systems of control and management are mandated to undergo checks and audits led by the Commission through a financial assurance process that incorporates certification bodies to ensure a thorough review ('Financial assurance', 2022). The payment dispersal process also has its own system of accountability which includes steps such as exhaustive checks on beneficiaries, and mandatory recording of expenditures, and will then be subject to any further audits needed to satisfy financial assurance procedures. In order for a paying agency to be accredited by the EU and consequently eligible to manage funds, the agency must be able to meet all aspects of the meticulous set of criteria the Commission outlines. Along with these accreditation criteria, paying agencies are required to adhere to an assemblage of 'internal control principles' ('Financial assurance', 2022) which are implemented by the Commission. These principles include; the maintenance and presentation of accurate records, a management

declaration, the establishment of annual accounts, a summary of control statistics, and finally the legitimacy of all records will be verified by both the certification body followed by the Commission.

The management declaration is needed to attest to ‘the completeness, accuracy, and veracity of the accounts, the proper functioning of the internal control systems based on objective criteria, and the legality and regularity of the underlying transactions’ (‘Common agricultural policy funds’, 2022). The control statistics include a summary of finalized audit reports which are to be produced annually and an in-depth analysis of the systems which identifies any existing errors or weaknesses and the corresponding remedial measures that will be executed as a response. Finally, financial assurance incorporates a series of checks and controls to ensure that payments are being executed properly. Before any payments are made, paying agencies are examined by a system of “administrative and on-the-spot checks” (‘Financial assurance’, 2022). To continue, the vast majority of payments are checked and controlled through the integrated administration and control system. The IACS⁹ is an intertwined collection of databases utilized in the assessment of claims and processing of payments. In 2020’s fiscal year, the IACS¹⁰ represented 82.9% of CAP’s⁶ total expenditures (‘Financial assurance’, 2022). Methods other than the IACS¹⁰ are still subjected to a multifactor authorization checks system. If any irregularities or areas of concern arise from these reports produced by certification bodies and the Commission will execute additional controls. If it is discovered that significant non-compliance has been committed then disciplinary penalties will be applied. Beyond administrative systems of checks and balances, this is a spontaneous form of control which is referred to as ‘on-the-spot checks’ (‘Financial assurance’, 2022). The Commission requires this format of checks which are executed at random on a risk-based sample of beneficiaries.

Beyond the execution of payments between agencies and beneficiaries, the EU also explicitly provides an anti-fraud policy to protect not only individual recipients, but also secure the entire CAP⁶ budget from fraud. The leading objectives of this anti-fraud policy include; “raise fraud awareness in EU countries and within the Commission, reinforce fraud prevention, reinforce fraud risk assessment, develop fraud detection capabilities, give guidance to EU countries for fraud prevention and detection, [and] reinforce cooperation with the European Anti-Fraud Office”(‘Financial assurance’, 2022). These objectives unite to support the standards of exemplary financial management and just governance over the CAP⁶ budget carried out by the EU. However, OLAF¹⁰ is a uniquely notable sector of this anti-fraud strategy. This office exercises its power to examine and investigate in any and all cases of uncertainty, Whether that be due to fraudulent payments, corrupt actions, or general misconduct OLAF¹¹ may evaluate any EU institution or recipient of EU funds at any given time. Anyone can anonymously and securely

⁹ integrated administration and control system

¹⁰ European Anti-Fraud Office

make a report of suspected irregularities to OLAF¹¹ in any EU official language. This ensures that everyone is given the opportunity to actively participate and ensure responsibility is being upheld. These objectives unite to support the standards of exemplary financial management and just governance over the CAP⁶ budget carried out by the EU.

To summarize, while there may have been cause for concern in the past regarding CAP⁶ budget oversight, the new system provides a new sense of assurance. The CAP⁶ utilizes an extensive system of management, oversight, control, and accountability to provide all EU citizens with peace of mind that funding responsibilities are being continuously reinvented to ensure all officials, including those at the government and legislative levels are executing the people's desires, not individual agendas.

'End the Cage Age' campaign has had many impressive and encouraging victories in the past recent years. However, with the leadership of Spain, Hungary, and Belgium along with the financial support and security of the Common Agricultural Policy, and finally pressure from the public these verbal promises can be translated into real, tangible action.

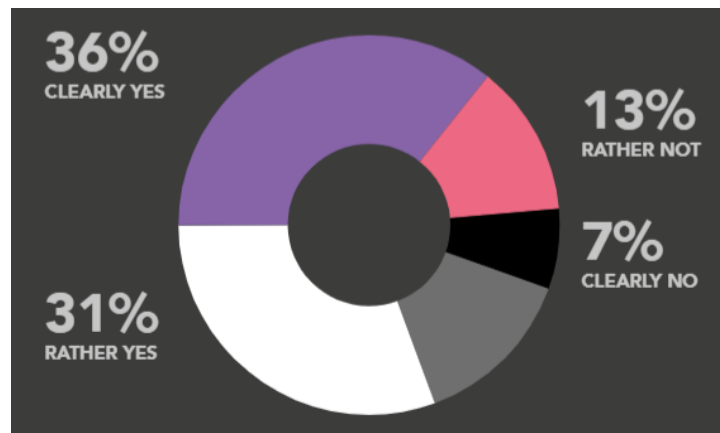
Public opinion on the ban on cages for laying hens in the EU

In order to find out opinions on policies to improve animal welfare, Equalia commissioned the specialist company Elemental Research and Ipsos to carry out a survey in 2021 and 2022 in Spain, Belgium and Hungary.

Spain

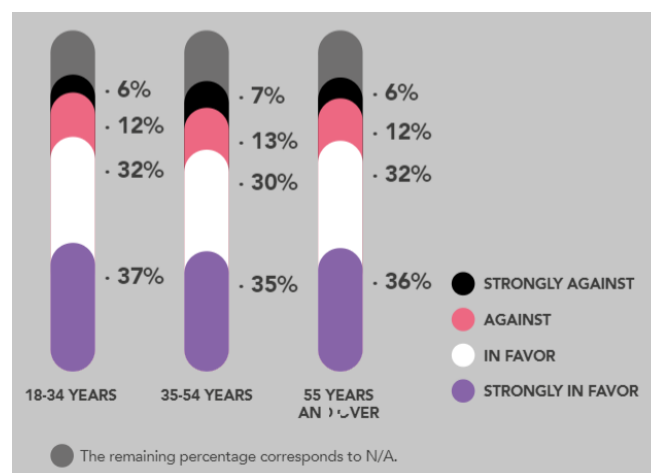
In the case of Spain, more than 6,000 people responded to the question "Do you think caged hen farming should be banned in the European Union?".

The majority of Spanish society thinks so. Two out of every three citizens (67%) are in favor of a ban on the farming of caged hens in the European Union. On the other hand, 20% are against the measure, of which 7% are clearly against it and 13% are more moderately opposed.

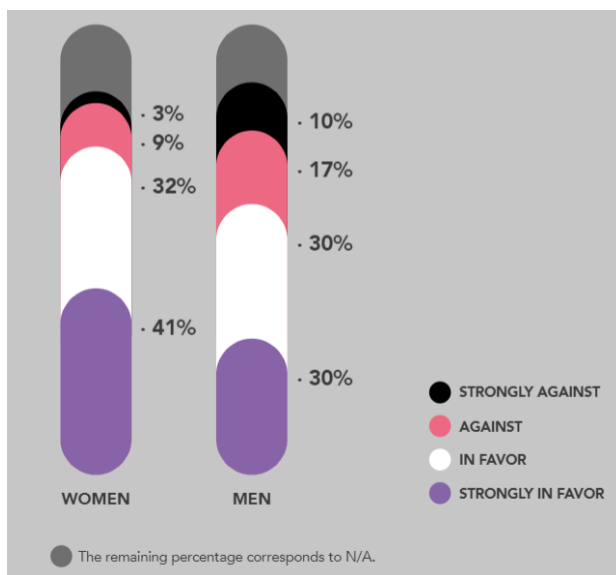


Thus, it is worth analyzing whether support for the proposal changes according to variables related to the dimensions of social identity and professional area. Specifically, the Elemental Research survey provides information on age range, sex, territorial location, ideological self-definition and the level of education attained by the person interviewed.

With respect to the age variable, there are no significant differences between the population according to age ranges. Very similar support is registered among young people between 18 and 34 years of age (69%), middle-aged people between 35 and 54 years of age (65%), and older people 55 years of age or more (68%).

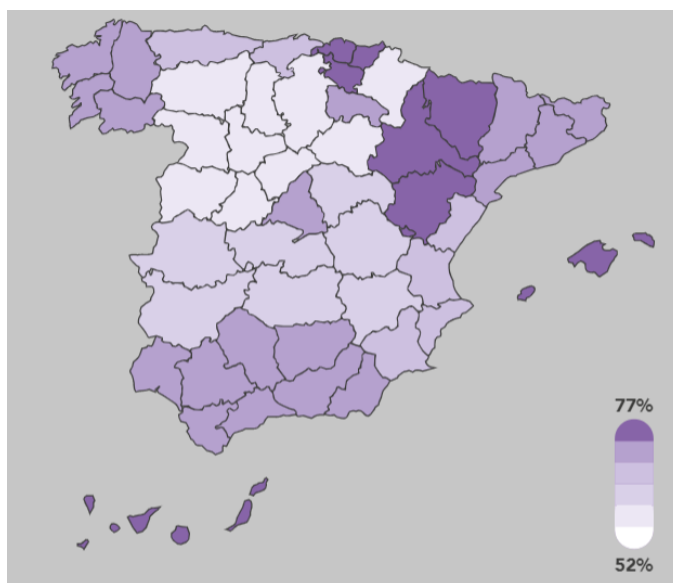


Women are more supportive of the measure. Seventy-three percent of women in Spain clearly agree or rather agree with the ban on caged hens in the European Union, compared to 60% of men.

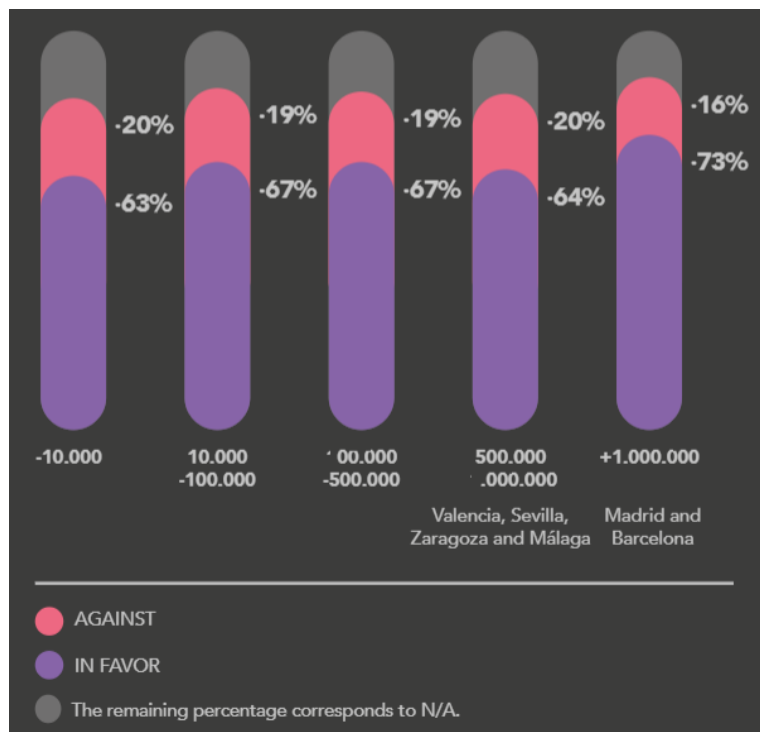


Regarding the territorial factor, all Spanish autonomous communities show a social majority in favor of eradicating cages for laying hens.

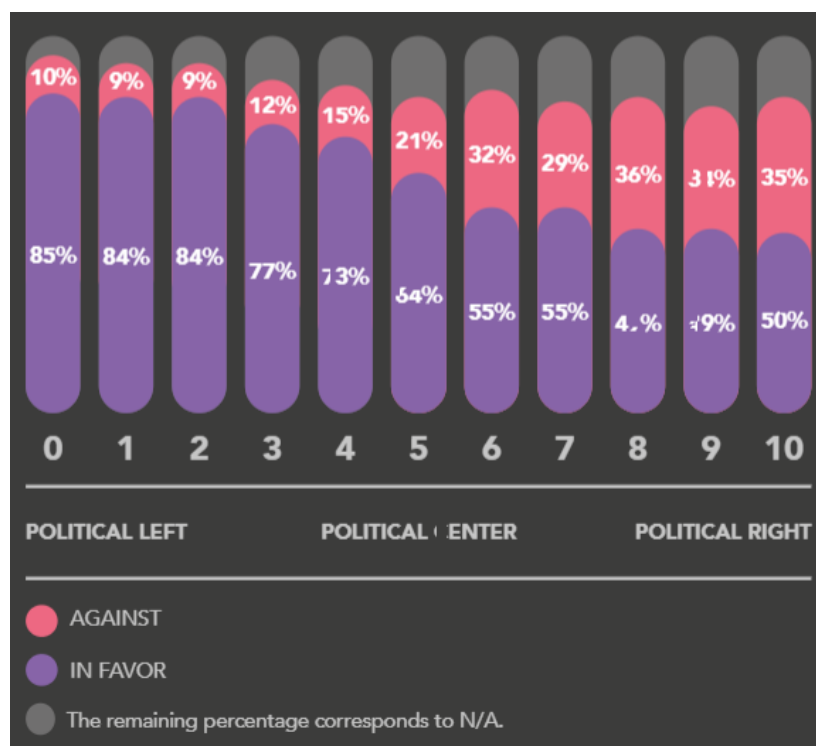
By autonomous communities, the Balearic Islands, the Basque Country, the Canary Islands and Catalonia stand out, with percentages of support above 70% of the population.



At the municipal level, the population is in favor of this commitment to animal welfare. Thus, the cases of Madrid and Barcelona stand out, whose inhabitants are significantly more in favor of the eradication of cages in egg production.



With respect to the ideological scale, we observed a majority of citizens in agreement with the ban across the entire ideological spectrum. From this generalized support, people ideologically identified with the left are more in favor of the proposal.



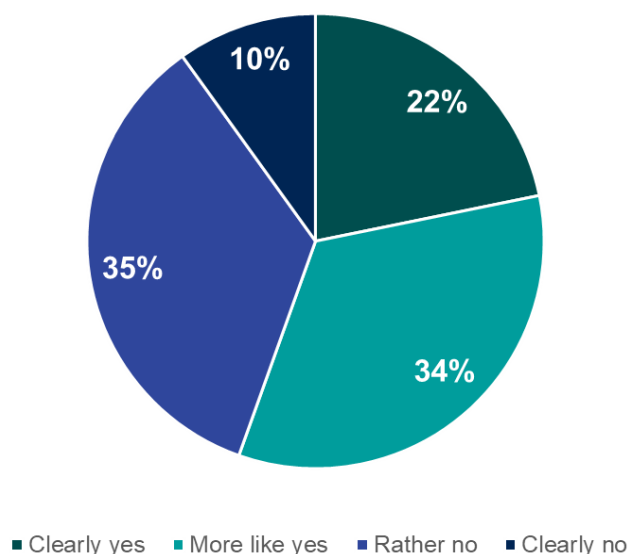
The classification by level of education also shows homogeneity among citizens, as all groups show similar support for the measure regardless of the level of education attained.



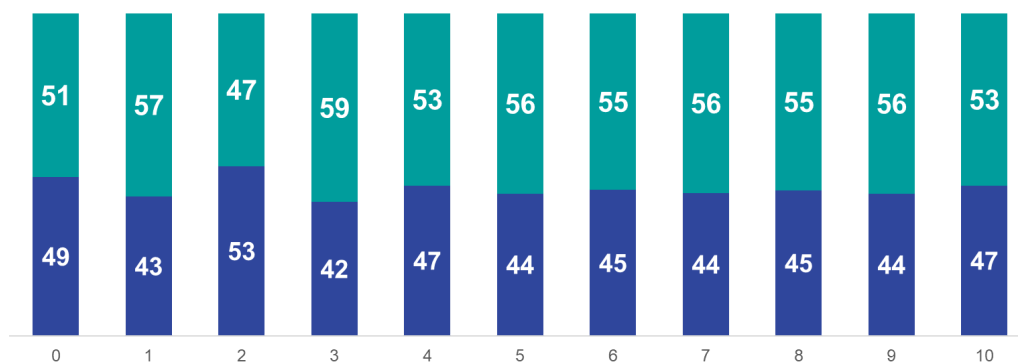
Hungary

In the case of Hungary, more than 4,000 people responded to the question "Do you think caged hen farming should be banned in the European Union?".

The majority of Hungarian society thinks so. Two out of every three citizens (69%) are in favor of a ban on the farming of caged hens in the European Union. On the other hand, 30% are against the measure, of which 10% are clearly against it and 22% are more moderately opposed.



Political ideology is not a key factor in Hungary as the poll shows:

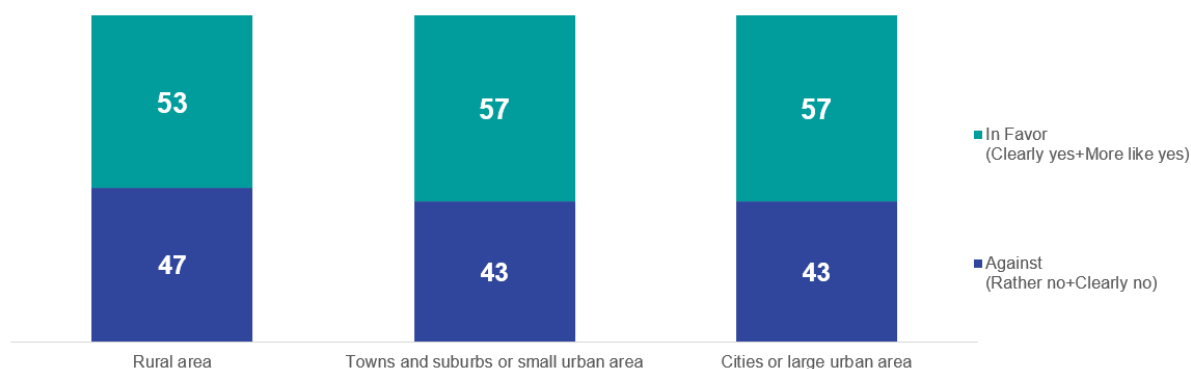


Ipsos analyzed as well the territorial factor. Heves, Jász-Nagykun-Szolnok, Veszprém, Tolna and Budapest are the territories most in favor of the ban.

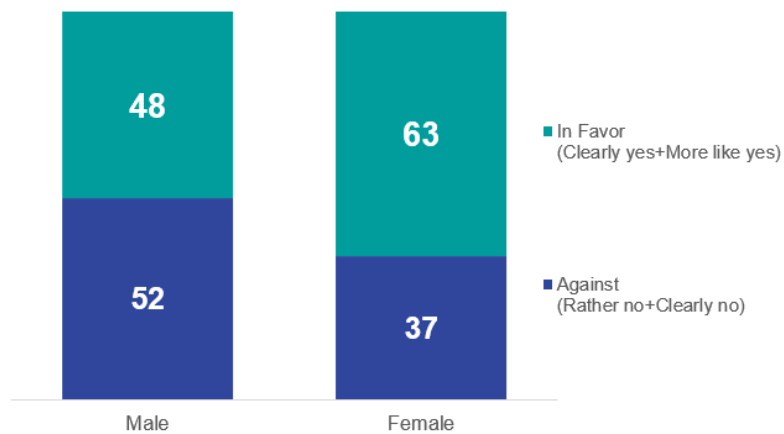
Municipality	% in favor	Municipality	% in favor
Budapest	60	Tolna	61
Pest	57	Borsod-Abaúj-Zemplén	49
Fejér	55	Heves	68
Komárom-Esztergom	53	Nórád	56
Veszprém	61	Hajdú-Bihar	57
Győr-Moson-Sopron	59	Jász-Nagykun-Szolnok	67
Vas	52	Szabolcs-Szatmár-Bereg	46
Zala	52	Bács-Kiskun	58
Baranya	50	Békés	57
Somogy	42	Csongrád	46



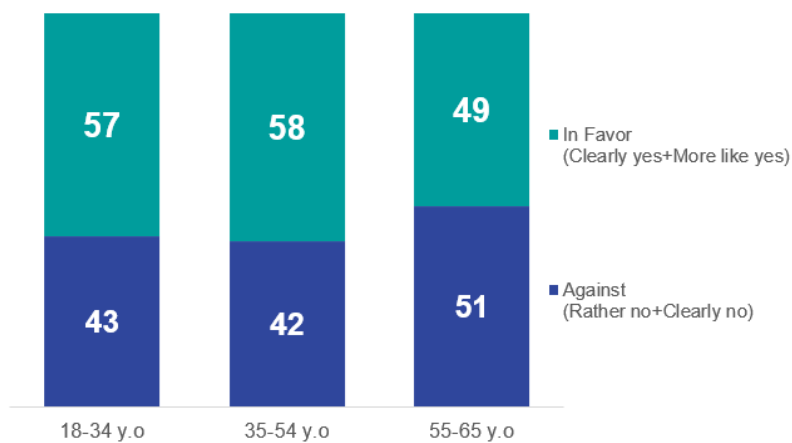
There are not significant differences between cities and rural areas:



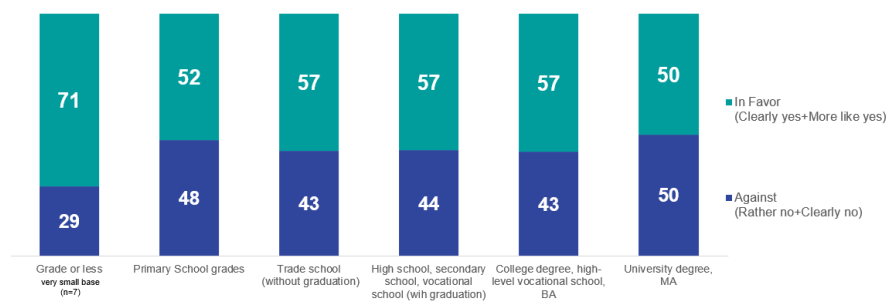
Women are more in favor of the ban than men:



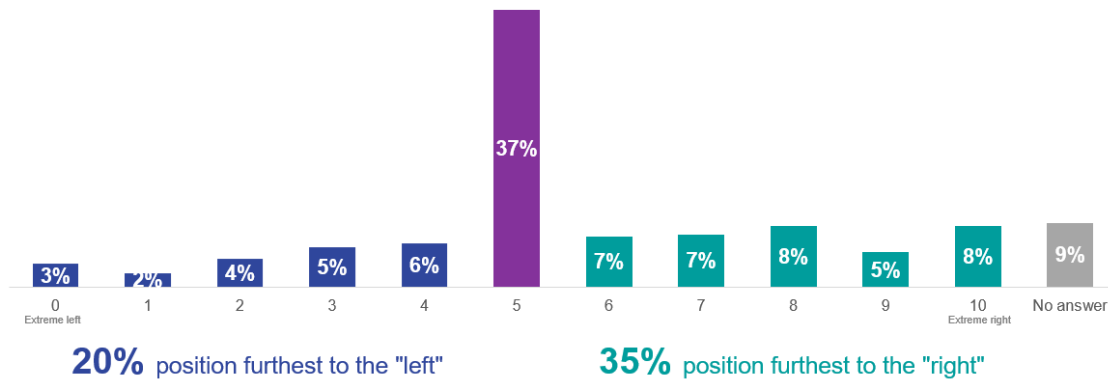
Higher support for prohibition from younger people:



There are not significant differences among education levels:

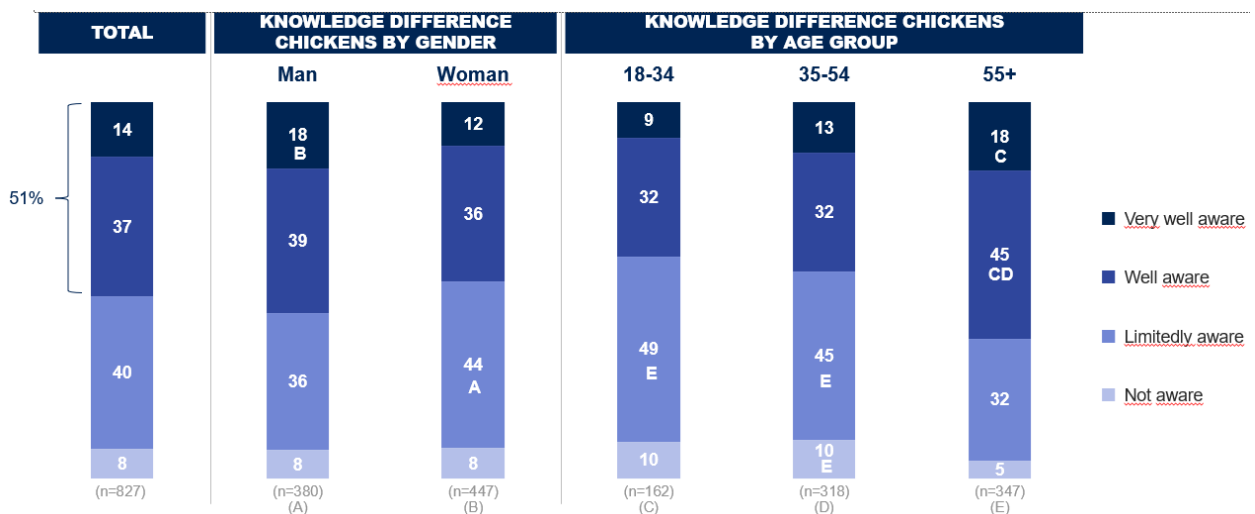


With regards to the political ideology, 1 out of 3 Hungarian declares to be neutral, that is, neither left-wing nor right-wing.

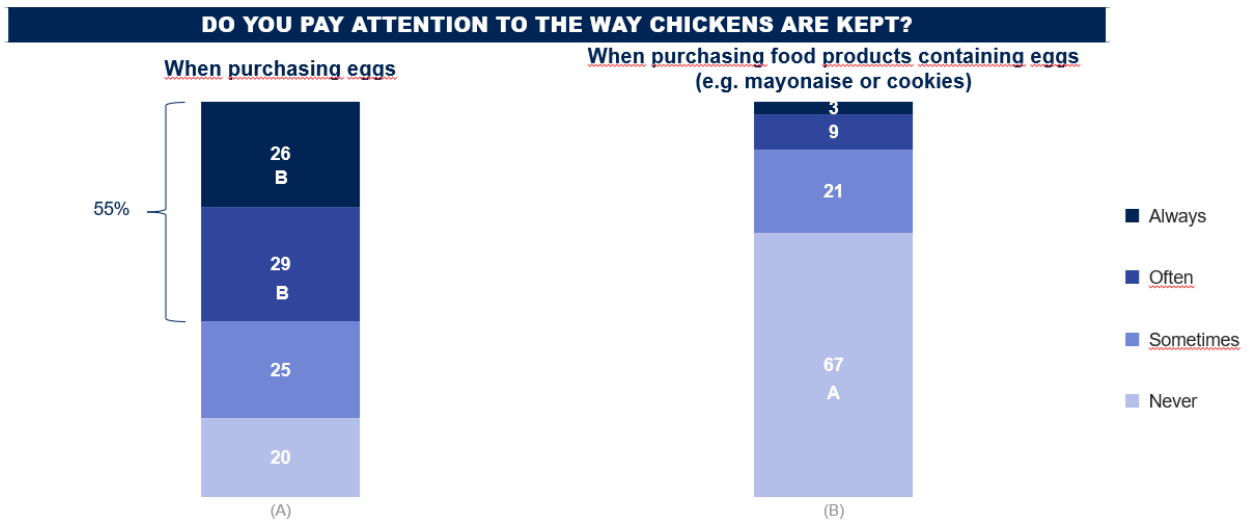


Belgium

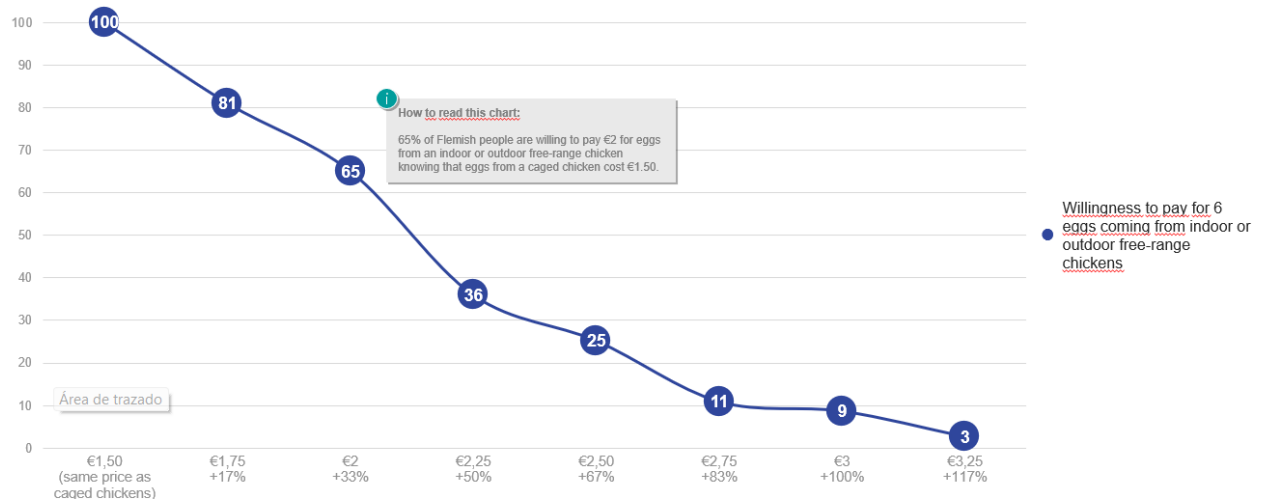
Half of Flemish citizens (51%) are (very) well aware of the difference between caged chickens, indoor & outdoor free-range chickens. Flemish people older than 55 are relatively more aware.



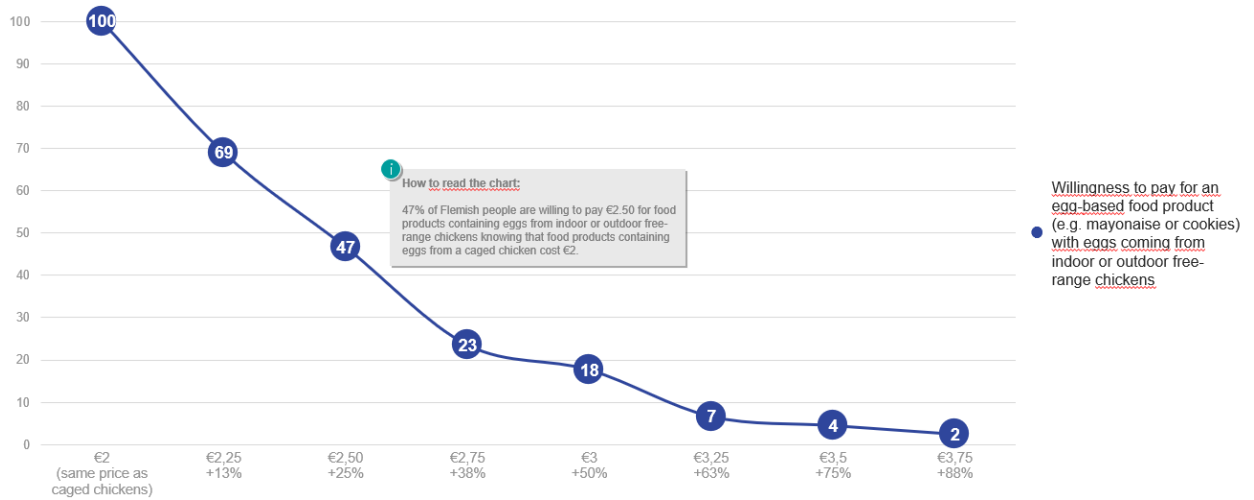
More than half of Flemish citizens (55%) pays attention to the way that chickens are being kept when purchasing eggs. This is in stark contrast with the purchase of food products containing eggs however, where only 12% of Flemish citizens often takes into account the way that chickens are being kept.



8 in 10 of Flemish citizens are willing to pay more for eggs from indoor or outdoor free-range chickens. More than a third of the Flemish are even willing to pay half as much.



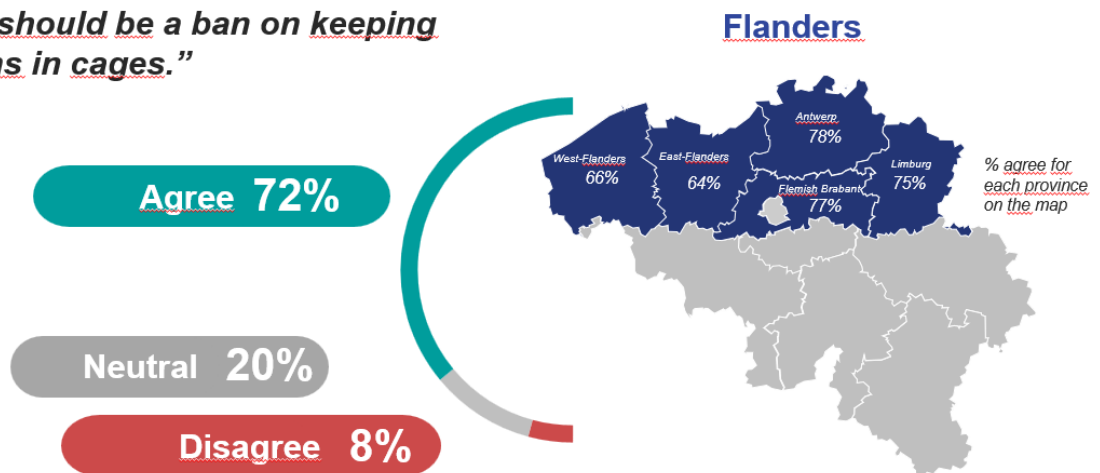
The willingness to pay more for egg-based food products is lower compared to the eggs themselves. Even then, still 7 out of 10 Flemish people are willing to pay more for food products containing eggs from indoor or outdoor free-range chickens.



OPINION ON KEEPING CHICKENS IN CAGES

Almost three-quarters of Flemish citizens agree with the statement that keeping chickens in cages should be banned. Only 8% disagree with the statement.

“There should be a ban on keeping chickens in cages.”



Conclusions

In Spain, Hungary and Belgium the social perception of cages in egg production is very negative. In fact, overall two out of three citizens support their prohibition.

The use of cages will eventually be eradicated due to supranational impulses and growing concerns about food safety, sustainability of the food system, public health and animal welfare. As we have discussed, society, companies, institutions and consumers are firmly committed to cage-free eggs.

For this reason, the European Commission is developing a Regulation that will put an end to cages in the European Union and make way for alternative systems more in line with current knowledge in matters of public health, food safety and animal welfare.

To make this possible, the European Union will have to create financial tools and give enough time to producers to make the transition and increase animal welfare along the whole food chain.

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