



## Opinion Piece by Joe Healy

### A European tax on meat: a proposal that could be as simplistic as counter productive!

Brussels, 19 May 2020 – Last February in Brussels, the Dutch TAPP coalition (True Animal Protein Price) launched a new report from within the European Parliament proposing to introduce a tax on meat products.

On paper the idea may seem simple at a first glance. Indeed, according to the proponents, with one single tax we would be able to resolve three ‘problems’: limit meat consumption in Europe, reduce European livestock and redirect specific sectors towards practices that have a lesser impact. In two words: a silver bullet!

This "silver bullet" has now reached the head of the European Commission. Tomorrow, the European Commission is planning to unveil an important part of its flagship vision on the European Green Deal - the Farm to Fork Strategy. Amongst the many things that this strategy will address are consumption patterns and consumer dietary choices, targeting more specifically the consumption of meat. As far as we are aware of, the approach considered by the Commission suggests that we stop the promotion of meat products, stop stimulating their production and impose a more targeted use of tax rules on meat.

Had livestock farmers had their say, had we taken a step back to think about this question in the context of trade agreements or European treaties, ultimately, had we taken the time to analyse this, this proposal would have seemed a lot more problematic and quite simply counterproductive. It has to be said time and time again, there is no such thing as a quick fix in farming!

Taxes on everyday consumer products has never had a very good track record

A simple analysis, breaking down the effects of such a tax, allows us to realise this very quickly. Firstly, a tax on meat would be meant to discourage consumers from opting for meat products. Imposing such taxes on everyday consumer products has never had a very good track record in terms of efficiency. Meat is also a staple commodity, the demand for which is not very elastic to price fluctuations. For the consumer, the only real substitute for one type of meat is... another type of meat. This is the reality of the market, which stems from a deep and vital need for this product. In reality, heavily taxing meat would be seen as an injustice, preventing the classes struggling to make ends meet from having access to an entire component of a balanced diet. With the economic crisis caused by Covid-19 how could such a measure not appear as a double penalty for people already badly impacted?

Proponents of this tax have the solution to this: redistribution! A share of the revenue collected would go to the poorest European households. But what criteria could be used to do this without making it completely unfair?

Replacing meat products is also expected to benefit alternatives, which, in many cases, are highly processed products, offering much juicier margins to a handful of industry representatives. Behind this health argument, we have to ask the question: are we really looking to improve consumer well-being?

Europe is not one single homogeneous plateau

The second argument put forward by the proponents is the need to reduce livestock production and re-orientate towards plant-based types of production.

This is a simplistic vision of agriculture and is therefore dangerous in more than one respect. Today, 29% of agricultural land in Europe is considered to be marginal land where it would be virtually impossible and extremely costly from an environmental and climate point of view to plant arable crops. The European continent is not one single homogeneous plateau, its countryside is diverse and varied! European livestock farmers are the leading actors in maintaining pastures and bocages, in preventing the closure of mountain countryside and the spread of forest fires in the summer. Contrary to their all too often simplistic portrayal as 'factory farms', we continue to reiterate that European livestock farmers are family businesses whose average size is around 34 hectares for less than 50 or so animals. Behind every farm, there are also seven people who work directly and indirectly in our countryside. Livestock farmers are the ones in the territories who are majorly investing in adapting their practices to climate, environmental and animal well-being requirements. And this despite their level of income which is sometimes well below that of the rest of society.

A tax on meat products would cripple all these efforts because, once again according to these proponents, a share would quite simply be allocated to livestock farmers to allow them to stop their activity. This would exacerbate the already critical problem of rural exodus across the Union.

How can we defend exporting the problem to third countries?

This proposal becomes even more problematic when we put livestock farming in a global economic context. Such a tax would certainly lead to our production being relocated to third countries. At a time when Europe is increasingly going down the bilateral trade agreements route, with Mercosur countries for example, how will we manage to get Brazilian poultry producers or Canadian livestock farmers to accept a tax retroactively? How will we avoid using cheaper meat products from abroad to compensate for the costs of such a tax? When our livestock farms are lost, how will we ensure that our standards and control systems are respected?

EU Budget Commissioner Günther Oettinger already discouraged national measures to tax meat. Commenting on such a proposal for the Tagesschau in 2019, Mr. Oettinger rightly indicated that if meat should become significantly more expensive in the EU, it would remain equally cheap in neighbouring countries and in the end such a proposal would be a "purely symbolic action".

Such a tax would go against the spirit of EU treaties

Another important point: such a tax could not be applied at European level without going against the spirit of treaties. Taxation powers rest with the national authority. Moreover, Article 39 of the Treaty on the Functioning of the European Union clearly states that the objective of the Common Agriculture Policy is to assure the availability of foodstuff supplies and to ensure that foodstuffs reach consumers at reasonable

prices. At a time when the average price of a basket of shopping is regularly increasing throughout the Member States, how can we avoid a dramatic, massive increase in prices with a tax exceeding 10% on all meat products?

A tax based on fragile assumptions

At the end of the day, the main problem lies in the numerous hypotheses used to defend the arguments in favour of this tax more than in the simplistic idea of a tax on meat. These proponents base themselves on studies that have been met with a certain amount of criticism and that have both a political and marketing agenda. The debate on the nutritional aspects of meat is far from over, as was shown by the recent publication in “Annals of Internal Medicine” on the consumption of red and processed meat. The statistics on actual ‘on-plate’ meat consumption are currently being looked at in the framework of an in-depth study within the European Commission’s Meat Observatory.

In addition, TAPP reports very often refer to worldwide livestock environmental performances where it is well-known that environmental performances are lower than in the EU. For instance, the report makes reference to the UN’s IPCC report stating that agriculture, forestry and other land use account for 24% of greenhouse gases (GHG) at world level, omitting the fact that EU agriculture has a much lower impact in terms of share and that the EU livestock sector is below 6% of the EU’s total GHG emissions according to Eurostat. The TAPP proposal is generic and based on a share in reduction per capita leading to an unclear algorithm stating that the CO<sub>2</sub>eq emissions will fall in the EU with 119 million tons CO<sub>2</sub> eq. per year.

On the other hand, why are the assets pertaining to the different types of livestock – the carbon cycle and carbon capture for ruminants on pastures; the efficiency of the feed-meat conversion for monogastrics – systematically minimized or even excluded from such modelling?

EU Farmers are actively working to keep our standards among the best in the world

Today, European livestock farming faces multiple demands. European livestock farmers have never been passive. Day in, day out they are taking steps to transform their farms. They have to reduce their environmental impact and to improve the conditions for their animals. Our livestock producers, whether they produce pork, beef or poultry meat, or any other animal products, have invested heavily over the past few years to address developments in the legislation on animal health and welfare. We are planning to make new investments to utilise natural resources in an increasingly efficient manner, taking into account the EU framework and all agricultural and forestry holdings’ business plans. We know that our EU standards are recognised as some of the best in the world and we believe that this is one of the qualities that makes us strong on the market.

Livestock is one of Europe’s strengths

These changes require time, adaptation techniques and considerable financial means. Let’s recognise the progress that has already been made. European agriculture has increased its overall productivity by 25% since 1990 while at the same time reducing its greenhouse gas emissions by 20% in the same period. In other words, European agriculture has successfully managed to disassociate environmental impact from production. In the face of current challenges and those to come, we need coherent European support policies, policies that recognise farmers’ contributions to the fight against climate change and that encourage the proliferation of beneficial initiatives. Equally, it is essential that all future free trade agreements contain a chapter dedicated to applying climate measures.

The coronavirus crisis proved it perfectly, livestock is not one of Europe's weaknesses, it is one of its strengths and the millions of livestock farmers who work every day in our regions deserve more than simplistic and coercive responses!

## Joe Healy

Copa Vice-President and dairy and livestock farmer from Athenry, Co. Galway (IE).

About the European Livestock voice:

The European Livestock Voice is a multi-stakeholder group of like-minded partners in the livestock food chain that have decided to unite for the first time to balance the debate surrounding a sector that plays such an essential role in Europe's rich heritage and future. The associations involved, which represent sectors ranging from animal health to feed, to breeding and animal farming through to farmers, aim to inform the public about the societal value of livestock production and its contribution to global challenges, offering an alternative narrative to current debates.

- AnimalhealthEurope – European manufacturers of animal medicines, vaccines and other animal health products
- Avec – European Poultry Meat Sector
- Clitravi – European Meat Processing Industry
- Copa and Cogeca – European Farmers and European Agri-cooperatives
- COTANCE – European Leather Industry
- EFFAB – European Forum of Farm Animal Breeders
- Euro Foie Gras - European Foie Gras industry
- FEFAC - European Feed Manufacturers
- FEFANA – European Specialty Feed Ingredients Industry
- FUR EUROPE – European Fur Industry
- UECBV – European Livestock and Meat Trades Union

For further information, please contact:

Jean-Baptiste Boucher  
Communications Director - Copa-Cogeca  
+ 32 474 84 08 36  
[Jean-Baptiste.Boucher@copa-cogeca.eu](mailto:Jean-Baptiste.Boucher@copa-cogeca.eu)

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