

The Cost of Non-European Bosnia and Herzegovina

Food, Animal Welfare and Money



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Executive Summary

This is a story about food, meat in particular, the incline in our appetites for it and the decline in our ability to afford it. It is also a story about money and a market that accommodates our needs. As consumers, we should be concerned about the quality of food we eat, but as human beings, we should also think of the animals we breed to make the food that we eat. As a relatively new concept, animal welfare is treated differently depending on the area of interest. For instance, for the environmentalists, the concept is directly connected with the preservation or improvement of the natural resources and sustainable agriculture. Welfare ethics, on the other hand, considers human action towards the animals, while science fills the gap by looking at welfare as a concept and its effect from the animal's point of view. Although animal rights and animal welfare are both rooted in animal protection, they fall at different points of this spectrum. The animal rights viewpoint can be defined as the belief that humans do not have the right to use animals for their own gain, while the animal welfare viewpoint advocates the humane use of animals, albeit maintaining animal well-being and prohibiting cruelty. In short, some argue for bigger cages, whereas others argue for empty cages.¹

But animal welfare is not only about ethical considerations, it is also a driving force in the market, with the ever-increasing demand for organic, healthy and safe foods generating profit. It is a business like any other that was recognized by the European Union (EU), over 40 years ago. The incorporation of animal welfare issues into the *Acquis Communautaire* was, rather than a health and ethical consideration, put forward as both a trade issue and an international concern in the 1970's by the EU for the first time. As some EU countries introduced national animal welfare regulations before others and/or applied more stringent criteria, the EU intervened to level the playing field and avoid trade distortions. In this way, the EU food safety policy is not designed merely to protect human health and consumers' interests in relation to food, but also to facilitate the smooth operation of a single European market through a comprehensive set of guidelines, 150 to be exact, that ensure above all, a fair market, as well as high quality food for human consumption.

The global population has grown from 3 billion in the 1960s to over 7 billion today. This resulted in an increased demand for food and thus intensified production, which in turn begets the question: what, in fact, does animal welfare mean today for the 7 billion people living in the 21st century?

1 Sheryl L. Pipe, "Animal Rights and Animal Welfare," Briefing Paper, American Society for the Prevention of Cruelty to Animals.

The key issue is the relation between the three – people, animals and the economy. At the heart of this short paper are major concerns: one is the safety of the food we eat, and therefore, public health, and the second is the money/economics of it all.

You are What You Eat

“... The way we eat represents our most profound engagement with the natural world. Daily, our eating turns nature into culture, transforming the body of the world into our bodies and minds.”²

The world has a big appetite for meat. In 50 years, from 1960 until 2010 the consumption of meat on our planet has risen from about 22 kg to nearly 40 kg per capita per year.³ With an increased consumption of meat, and an abundance of products to choose from, consumers in the Western World have progressively begun to think about the meat they eat, and its qualitative characteristics, – its origin, growing conditions for animals, feed, transport and slaughter practices – instead of only the price. Interest concerning these matters grew once the public realized the connection between the treatment of animals on farms and the chicken nuggets on their plates.

This link between animal welfare and food safety has been strongly supported by scientific evidence since 2002 when the EU published a report,⁴ which emphasised the importance of maintaining animal welfare standards within the EU's food safety policy. The report basically argued that on-farm monitoring of animal welfare was essential to ensure food safety, and established a clear link between poor animal welfare and reduced animal health, and thus lower food safety.

The treatment an animal receives prior to slaughter can and does have an enormous impact on the quality of the meat. Improper lairage, inadequate transport, overexertion, stress, injuries and bruises, affect the pH levels of meat, which in turn affect the colour, texture and flavour. In addition, poor animal welfare standards on farms render the cattle more susceptible to disease and injury, which entails administering more medication, and that ultimately means more drug residue in the meat. High stocking densities – the number of animals confined in a given space – have been associated with an elevated

2 Michael Pollan, “The Omnivore's Dilemma: A Natural History of Four Meals”.

3 Food and Agriculture Organization, World Food Outlook 2008, Animal Production and Health, Meat Consumption.

4 Commission of the European Communities (2002) – Communication from the Commission to the Council and the European Parliament on animal welfare legislation on farmed animals in Third Countries and the implications for the EU.

risk of infecting farm animals with a number of parasites and pathogens that can affect humans, with the most infamous ones being Brucella, Salmonella and E. coli.

“Each case of food-borne illness cannot be traced, but where we do know the original, or the “vehicle of transmission,” it is, overwhelmingly, an animal product. According to the US Centres for Disease Control (CDC), poultry is by far the largest cause... 83% of all chicken meat (including organic and antibiotic-free brands) is infected with either campylobacter or salmonella at the time of purchase... The next time a friend has... “the stomach flu” - ask a few questions... he or she was probably among the 76 million cases of food-borne illness the CDC estimates occur in America each year.”⁵

How we treat animals can have serious public health implications. In fact, many of humanity’s great disease scourges — including smallpox, influenza, and measles — likely originally arose from our domestication of farm animals.⁶

Thus, farm animal well-being and food safety issues are often inextricably linked. Studies show that small improvements in farm animal health may result in significant reductions in human illness and this is the ultimate reason to care.

Apart from the protection of the internal market, these considerations were among the main drives that led the EU to develop a body of legislation related to animal welfare over the last forty years. It now consists of over thirty directives and regulations ranging from protection of animals on farms, specific species protection, to protection of animals during transport, at slaughter etc. The most recent developments such as Article 13⁷ in the Lisbon Treaty make animal welfare one of the key principles the Union must respect and must be taken into account in all policy areas.

The EU food safety policy, of which animal welfare is an integral part, is designed primarily to protect human health and consumers’ interests in relation to food. That is why all food and substances for human consumption imported to the EU must comply with EU food regulations, but also, the animal welfare regulations. For example, the

5 Johnatan Safran Foer, “Eating Animals”.

6 The Humane Society of the United States, An HSUS Report: Food Safety and Cage Egg Production, May 2011.

7 “In formulating and implementing the Union’s agriculture, fisheries, transport, internal market, research and technological development and space policies, the Union and the Member States shall, since animals are sentient beings, pay full regard to the welfare requirements of animals, while respecting the legislative or administrative provisions and customs of the Member States relating in particular to religious rites, cultural traditions and regional heritage.”

recent EC Regulation⁸ on the protection of animals at the time of slaughter adopted in September 2009 will come into force on January 1, 2013. It supplements Council Directive 93/119/EC and applies to all member states, candidate countries and third countries wishing to export to the EU market. Terrance Cassidy, Head of Animal Welfare Sector in the FVO DG SANCO⁹ explains in more detail:

“The slaughter regulation is the only regulation that is applied in the non-EU countries. We, however, have neither the basis nor the mechanisms to tell third countries what to do, but can only check the final product that is being exported. That is why if the slaughterhouse does not adhere to the standards they cannot export to the EU.”¹⁰

A safe and high-quality product should be the result of proper control at all stages of the supply chain. Instead of controlling the final product, the EU has taken an approach of the process-oriented quality assurance system from farm to fork,¹¹ which proves to be beneficial for all stakeholders. It is what all EU aspiring countries must introduce, as the state must provide guarantees that standards achieved in production and processing companies are equal to those in the EU.

This is also the case for Bosnia and Herzegovina (BiH), which remains a potential EU candidate country and is currently undergoing the Stabilisation and Association Process (SAP). If BiH wishes to make progress, it has to – like other EU aspiring countries – ensure compliance of EU standards on the ground, not just on paper.

Animal Welfare in BiH

Bosnians – like EU consumers – also eat meat, but in contrast to the general perception, the quantities are relatively small. An average Bosnian consumes 21.3 kg of meat every year – a fact that makes BiH a country whose citizens consume the least amount of meat in Europe.¹² But do Bosnians care what meat they consume, where it comes from and whether it is of a high quality? Moreover, do they ever ask themselves, how these

8 No. 1099/2009

9 Food and Veterinary Office within the Directorate General for Health and Consumers

10 Popolari Skype Interview with Terrance Cassidy, Head of Sector Animal Welfare, FVO DG SANCO.

11 The “*from farm to fork*” approach with a clear distinction among the roles various stakeholders play in the food chain enables traceability of any food or substance used for human consumption through all stages of production, processing and distribution. In practice, it means that all food producers are obliged to implement the system to identify where their products have come from and where they are going.

12 Food and Agriculture Organization, The State of Food and Agriculture, 2009.

animals are treated, transported and what is happening in the slaughterhouses? It seems that Bosnian consumers still mainly look for so-called “hard quality,”¹³ which in EU terms really means just basic hygiene.

Although BiH citizens traditionally eat beef and pork¹⁴, the consumption of poultry meat, in particular chicken, has doubled since September 2010.¹⁵ Mesud Lakota, Secretary of the Association for the Protection of Consumer Interests in BiH, believes the reason for this is the price. He assumes that consumers simply “replaced quality with quantity, therefore the consumption of chicken meat has increased by 100%.” Chicken meat is usually “the cheapest meat you can get”¹⁶ and as long as the foodstuffs meet basic quality, sanitary and food safety criteria, they will find buyers if the price is right.

Burdened by generally poor living standards and mostly concerned about making ends meet, the majority of consumers in BiH generally do not care much for contemporary trends in food production in the EU. Complex as it is and even more difficult to be measured, the concept of animal welfare as such is not widely known in BiH. Even those dealing with this matter professionally find it hard to articulate the meaning of it.

“It is hard to talk about animal welfare, because everyone does not have the same understanding of that concept. We do not know what it is about. We accepted the term in a way, but we do not have a clue about what it means. To talk about the welfare of animals at slaughter is contradictory.”¹⁷

What currently exists in terms of legislation does not do the job. BiH Parliament adopted the first Law on Animal Protection and Animal Welfare, following the short-term recommendation¹⁸ of the European Partnership for BiH, adopted in 2008. Since then, the necessary bylaws¹⁹ have been adopted, to ensure further harmonization

13 Hard quality means *concrete/technical* quality. In our case, hard quality implies basic hygiene and sanitary quality.

14 Bajramović, S., Alibergović-Grbić, S. and Brka, M. (2007) The Development of the Breeding Cattle Race in Bosnia and Herzegovina, and Expected Results from MARCBL Project, Institute for zootechnics.

15 Tuzla Info Portal: Consumption of chicken increased by 100%, 26 January 2012.



16 Sead Jeleč, Secretary of the Association of Farmers in BiH.

17 Populari interview with Emir Huskic, veterinary consultant in the meat processing company Ovako.

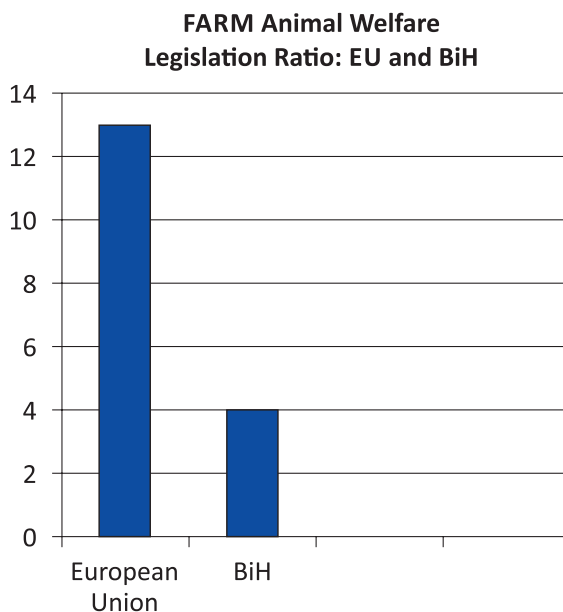
18 Ensure adoption of legislation compliant with European standards in the food safety, veterinary and phytosanitary sectors and start to implement it. (3.1. SHORT TERM PRIORITIES, Sectoral Policies, Agriculture and Fisheries).

19 11 Rulebooks of which four are transposing EU legislation: The rulebook on the protection of animals at slaughter, Rulebook on the conditions farms need to comply with and conditions for the protection of animals on farms, Rulebook on the protection of animals during transport and transport related actions, Rulebook on the protection of experimental animals and the conditions to be met by legal entities engaged in conducting experiments on animals.

with EU provisions concerning animal welfare. But judging by the situation on the ground, the unanimous adoption of the law in BiH institutions has not secured smooth implementation in the field. There is still no understanding in BiH on what exactly animal welfare means, nor is there any recognition of the added value and competitiveness animal welfare brings. Considering that profit appears to be producers' number one concern, the fact that this message is missed by them shows how far behind BiH is from other regions in Europe.

FARM ANIMAL WELFARE LEGISLATION IN NUMBERS	
	
GENERAL ISSUE	
1	1
FARM ANIMALS	
Keeping Animals	
6	1
Transport of Animals	
3	1
Slaughter and Killing of Animals	
1	1^(*)
Market Regulations	
3	0
TOTAL	
13	4

(*) The only mandatory regulation in the animal welfare sector (Council Regulation 1099/2009 of 24 September 2009 on the protection of animals at the time of killing) which must be transposed by all EU member states, candidate countries and third countries wishing to export to EU is not transposed in BiH national legislation. Instead, the old Directive 93/119/EC on the protection of animals at the time of slaughter or killing is transposed via the BiH Rulebook on the protection of animals at slaughter.



Even though, generally speaking, animal welfare and meat sector legislation is not fully implemented in a way that complies with EU standards, the entire meat sector situation in BiH is not so black and white.

Poultry meat is the meat of choice in BiH nowadays. Each year a billion birds – broilers²⁰ – are raised and killed for meat. These farm animals—sentient, complex, and capable of feeling pain and frustration, joy and excitement—are viewed by industrialized agriculture as goods, and are as important as their productivity is satisfactory.

Broilers, specifically, are “goods in progress” as they need to receive inputs of care and feeding in order to be satisfactorily productive, but only to the extent that cost of the care and feeding is covered by the value of the final product. So to achieve optimal productivity and realize commercial value, it is worthwhile investing attention into commercially acceptable animal welfare levels, which in fact means that animal welfare indeed is an integral part of the set of conditions required to achieve optimal or best productivity.

²⁰ The poultry industry has used selective breeding to produce birds whose bodies “are on the verge of structural collapse.” Studies consistently show that approximately 26-30% of broiler chickens suffer from gait defects severe enough to impair walking ability, and additional research strongly suggests that birds at this level of lameness are in pain. “Broilers are the only livestock that are in chronic pain for the last 20 per cent of their lives. They don’t move around, not because they are overstocked, but because it hurts their joints so much.” They suffer myriad assaults to their physical, mental, and emotional well-being, typically denied the ability to engage in their species-specific behavioural needs. (The Guardian quoted professor John Webster of the University of Bristol School of Veterinary Science)

Entrepreneur Refik Džafic from the small town of Akova makes a living off of broilers. Originally from Montenegro, he seized the opportunity that resurfaced in the beginning of the 1990s as part of the social reforms in BiH and in 1992 he opened several butcher shops in Sarajevo. It was a family-owned company named after his hometown – Akova. The war in BiH interrupted the business but it was re-started in 1994 and since then, the company has recorded only growth. After the war in BiH, the potentials of the company were recognized by international financial organizations and Akova was given commercial credit for the construction of a facility for processing meat, which will later be known as the company Ovako. In order to round off the entire production process, Akova stepped into the stage of establishing production through privatization of animal feed factories and swine farms in Visoko, near Sarajevo. Thus, Brovis d.d. was established in 2006.



In Brovis, everything is automated



Modern packaging station in Brovis

What started in 1992 as a family company has grown to a big conglomerate, Akova Group consisting of three companies today: Akova Impex, Ovako and Brovis.

Brovis is the poultry meat processing company with a capacity of 33,000 slaughtered beaks per day, employing 430 workers working in three shifts, and with a network of 135 cooperants across BiH. As one of the largest exporters of poultry in BiH today, Brovis was built to EU specifications in 2006, and today it is one of the few companies that can boast sophisticated technology. The company introduced HACCP, ISO 9001–2008, ISO 14001–2004 and Halal certificates, making sure that “hard quality” is met. Brovis holds all the necessary certificates to guarantee that all technical production parameters are met, but regulated by national legislation and not by EU standards, the issue of animal welfare has not yet gained importance.

However, out of fifteen veterinarians that are employed in Brovis, which is according to BiH standards way above the average for a BiH company of this size, none of them are

specialized in animal welfare. Despite it being a requirement under national legislation²¹ in accordance with EU's slaughterhouse regulation, Brovis also does not have an animal welfare officer or an animal welfare monitoring system to calm live broilers down until they enter the water bath stunner in the slaughterhouse. However, Nirves Bulaja, one of Brovis' managers, is aware of the deficiencies, but insists that those are minor issues that can be addressed within a few weeks.

The lack of inspectors in the Zenica–Doboj Cantonal Veterinary Inspectorate, in charge of daily inspections in Brovis' slaughterhouse, coupled with overlapping state and federal legislation²² both prevent inspectors from doing their job and implementing law rigorously, and enable them to skip or ignore certain obligations assigned by laws and regulations. Indeed the weakest point in the process is control. Another poor aspect is the communication between different levels, especially cantonal and entity representatives towards the state, the focal point for the reporting to the EU. On the ground, that means there are no reports sent and there is no actual reporting.²³ Because animal welfare is put on the back burner due to a lack of resources and interest, BiH currently only has one government official specializing in animal welfare in a country with a population of 4 million.

And while the state takes care that on paper everything looks proper, often voting for laws having very little knowledge on what they imply, and ignoring the issue on the ground, producers shield themselves with standards, such as HACCP, ISO certificates and Halal, plastered on their office walls. They are under the impression that keeping their farms/facilities sanitized is as good as respecting EU animal welfare regulations. Indeed, most producers have realized the importance of HACCP as a basic food safety standard, but disregard of the state law on animal welfare may have serious consequences as all issues within food safety are not covered by HACCP and other mandatory standards; namely, the *Acquis*, i.e. Directives and Regulations, need to be transposed, and more importantly implemented. Moreover, HACCP does not encompass animal welfare and therefore implementation of the state law is mandatory. At the moment, the situation in BiH in the sector of food safety, but also the meat market, looks rather gloomy. Dušan Nešković, assistant minister in the Ministry of Foreign Trade and Economic Relations (MoFTER) is straightforward:

21 Article 7 in the Rulebook for conditions slaughterhouses have to fulfil

22 The failure to properly designate responsibility over animal welfare and the lack of coordination and communication between administrative units has resulted in overlapping competences. Essentially, different levels of administration often do the same job twice. For example, the Veterinary Office, instead of checking the work of entity inspectors, can often be found on the field overseeing the same operations that an entity inspector has just checked.

23 Populari Interview with Inga Dujmović, state veterinary inspector for animal welfare, 4 May 2012.

“The situation is terrible, catastrophic.”²⁴

Nešković also insists that the lack of accredited laboratories has never been an obstacle to export, as has often been falsely stated in the media. The fact that BiH exports fish to the EU since 2008²⁵ proves the fact. But Nešković points to yet another issue: ineffective state institutions, namely the state Veterinary Office, which was assigned the role of a Central Competent Authority²⁶ in BiH that has not been working on increasing quotas for fish export since 2008. This is an illustrative example that entire mandates have been finished without doing anything to develop this sector and increase export.

But consumers, as the ultimate and most stringent inspectors dictate the producers' behaviour and ultimately influence the way animals, in our case, broilers, are treated on farms, during transport, prior to and at slaughter. Given the conditions on the ground, there is so far no incentive for Brovis to fully comply with animal welfare standards. Nermin Smajlagić, Chief Federal Veterinary Inspector says:

“Our market has neither recognized the link between animal welfare and product quality, nor the demand for healthier products of higher quality... In BiH, it all boils down to the price. People would rather eat something cheaper than better; rather 1 kilo of questionable meat than 100 grams of meat which origin is known. It comes down to the living standard in BiH. But, it is more important to educate consumers. They must demand answers, information. I will not buy a product if there is no label stating: what it is, where it comes from, and similar information. I will not buy it if price on the shelf differs from the price they charge. As an inspector, I cannot do everything.”²⁷

While conducting interviews for this paper, most of the butchers in Sarajevo said that (some) people ask about the origin of meat/quality, but not many. Without a demand for “soft quality”²⁸ on consumers' part there is no animal welfare. In other words, both the state and industry reflect the general lack of understanding of the importance of animal welfare provisions and implementation; the state, notably the BiH Veterinary

24 Populari Interview with Dušan Nešković, Assistant Minister in the Ministry of Foreign Trade and Economic Relations BiH

25 EU Decision 2008/156/EC

26 As a Competent Authority the Veterinary Office has been legally vested with the capacity and power to act on behalf of the Bosnian government to perform all functions in the fisheries sector that are needed to transpose the EU legislation into national laws.

27 Populari Interview with Nermin Smajlagić, Chief Federal Veterinary Inspector

28 Soft quality means the human, emotional side of quality.

Office, both entity ministries of agriculture, and inspectorates at all levels should invest more efforts in promoting the link between animal welfare and food safety, while the industry should look at market demands and use animal welfare improvements as tools of competitiveness, especially in the light of the upcoming proximity to the EU.

Dušan Nešković points out a couple of issues that are still waiting to get sorted out in order for BiH to break the deadlock and enable its producers of products of animal origin to trade in the EU: full adoption and implementation of the Hygiene Package,²⁹ and irresponsible institutions misusing the current administrative realities in BiH and blocking the process of setting up passable vertical and horizontal communication within the veterinary sector. Without the Hygiene Package implementation on the ground, and a solid chain of command, BiH will not be able to export its products to EU, which will soon mean to Croatia as well, its largest trading partner in the poultry sector. All of this and more is listed in the Road Map, a strategic document that has been waiting to be fully implemented for almost two years now.

Talking Business

Problems identified within the animal welfare sector have an implicit effect on the economy of this sector. Not to be caught off guard once BiH is able to export meat to the EU, BiH experts and decision makers must see the bigger picture and revise export strategies. In a perfect scenario where all parts of the aforementioned body of legislation implemented, animal welfare stays to be figured out. No single chicken without the animal welfare checkmark will pass the borders as of January 1, 2013. With an increase in demand for chicken meat in the last six years, this makes the sector one of the most economically sound investments in meat production, and therefore one of the most beneficial to BiH's economy, but unfortunately it can hardly be called a serious business. Regional comparison clearly breaks down the situation. Figures are straightforward and so are the consequences.

The table below shows that the value of BiH total import of chicken meat is half-bigger than its export. Croatia that enters the EU in 2013 is the most significant partner in

29 The hygiene package, the basic food safety legislation, which implementation on the ground will guarantee safety of products and safety of the food from the place of the primary production to the moment of putting it on the market or export, has been transposed to the BiH legislation on 29 October 2012, via set of Rulebooks adopted by the Council of Ministers: Rulebook on formulas for infants and formulas after breastfeeding, Rulebook on the composition and labeling of foodstuffs suitable for people who are intolerant to gluten, Rulebook on food hygiene and Rulebook on official controls performed to verify if treatment is in compliance with the requirements of food and feed regulations, and regulations on animal health and welfare. Another Rulebook (on microbiological criteria) is still to be adopted in order to have the entire hygiene package transposed.

chicken meat imports, which is reflected in an almost perfect chicken trade balance between the two with around 7 million KM worth of chicken meat trade going both ways. The export value of chicken meat to Croatia amounts to half of the total export, which makes Croatia BiH's most important export partner. Similarly, 32% of total chicken import comes/originates from Croatia. The importance of this trading partnership can also be illustrated by the fact that the highest quality meat (fresh whole chickens) is only imported from and exported to Croatia.

(KM million)

Cat.	Item	Croatia		Serbia		Montenegro		Other (*)		Total	
		EX	IM	EX	IM	EX	IM	EX	IM	EX	IM
1	Whole fresh chicken	0,89	1,56	0,00	0,00	0,00	0,00	0,00	0,00	0,89	1,56
2	Whole frozen chicken	0,11	0,23	0,02	0,01	0,34	0,00	0,20	1,60	0,66	1,88
3	Fresh pieces	5,96	2,46	0,00	0,37	0,00	0,00	0,00	0,00	5,96	2,83
4	Frozen pieces	0,07	2,34	4,43	0,12	1,29	0,00	0,19	11,90	5,98	14,35
Total		7,02	6,59	4,45	0,49	1,62	0,00	0,39	13,50	13,48	20,63

(*) Due to the market access rules of the EU, BiH export partners are only countries that are not EU members, Macedonia for Cat. 2, and Hong Kong, Cyprus and Vietnam for Cat. 4. But BiH mainly imports chicken meat from EU member states (most significantly from Austria, Belgium, Germany, the Netherlands, and Slovenia) and Turkey.

A huge chunk of total chicken meat exports (85%) is exported to Croatia under one sole category (Cat. 3 – fresh pieces). The value of exports in this one category amounted to 5.9 million KM in 2011 and represented a whopping 44% of total BiH exports worldwide.

(KM million)

Cat.	Item	Croatia 2009		Croatia 2010		Croatia 2011	
		EX	IM	EX	IM	EX	IM
1	Whole fresh chicken	0,82	1,28	0,62	1,30	0,89	1,55
2	Whole frozen chicken	0,00	0,41	0,39	0,21	0,11	0,22
3	Fresh pieces	3,27	3,14	4,31	2,46	5,95	2,45
4	Frozen pieces	0,00	2,00	0,45	1,34	0,07	2,37
Total		4,09	6,83	5,77	5,31	7,02	6,59

While this may open some space in the domestic market for local producers to place their products, the value and size of BiH's domestic market is too small to accommodate all of their unsold products. Since the meat industry works with fresh and easily spoiled products, it is just as unlikely that local producers will be able to find new, non-EU markets, and it is definite that the EU markets will remain off-limits for a time to come.

Looking at the bigger picture, in the words of Dušan Nešković it is apparent that our example illustrates a dire picture:

“In the agricultural sector alone, the damage that BiH will suffer when Croatia joins the EU is estimated at 30 million Euros. However, absolutely nothing is done to reduce this damage.”³⁰

Being reasonably worried about the future after Croatia gets into the EU, some of BiH’s producers initiated contact with the state level institution responsible for this issue – MoFTER.

“Every time we had contact with MoFTER, we got one answer only – we all hope it will be OK”.³¹

That OK is not good enough in the fast growing economy dictated by market economy standards they are all familiar with. Having in mind complex legislation, including that very segment of animal welfare, that is yet to be implemented, people to be educated, standards to be introduced, their hopes are not so high.

Markets are Out There

The responsibilities in the food safety sector are however divided between the state and the private sector now, and producers need to take on a more active role in finding solutions and alternatives for their products. Dušan Nešković is clear about that:

„It is not the state that ‘should look for new markets’ because we no longer live in a communist country. It is not the state’s responsibility. The companies now must take over and find new markets for their products.”³²

Although understandable, what Nešković suggests is easier said than done, having in mind a highly competitive global market saturated with different kinds of cheap products from around the world. Still it is not a valid excuse to do little, if anything. The truth is that in order to be competitive, producers need to take on a more active and creative approach in adding value to their products, such as animal welfare.

30 Populari Interview with Dušan Nešković, Assistant Minister in the Ministry of Foreign Trade and Economic Relations BiH

31 Azra Sinanović, Brovis Quality Control Manager

32 Populari interview with Dušan Nešković, Assistant Minister in the Ministry of Foreign Trade and Economic Relations BiH

The chance for Bosnian broiler producers lies in developing trade in niche markets such as exporting products with high animal welfare standards. Animal welfare could be an important characteristic of added-value products for both the internal and export market and a marketing strategy should be developed to counter the competition from neighbouring countries and to promote Bosnian broilers as an added-value product. The demand is out there: 62% of the overall European population, including Croatia and Turkey, said that they would change their shopping habits in order to access more animal welfare friendly goods.³³ No longer satisfied with simply consuming safe and clean animal products, Europeans now are willing to pay a higher price. The supply as well might come from BiH. Brovis and other Bosian producers should not perceive the animal welfare like a load imposed by legislation; they should rather see it as an opportunity for the development and the expansion of business, as a tool for 'conquering' new markets.

Being increasingly commodified, and used as a distinctive point of selling the products, the EU in 2009 issued a report³⁴ in which it outlines a series of options for animal welfare labelling. The idea was to make it easier for consumers to identify and choose welfare-friendly products, and thus give an economic incentive to producers to improve the welfare of animals. Androulla Vassiliou, former EU Health Commissioner said:

*"If successfully communicated, higher animal welfare standards offer the prospect of a win-win situation for both consumers and producers. Consumers looking for welfare-friendly products can more easily identify them, and producers applying higher standards can market their products more effectively."*³⁵

Some EU countries such as France, the United Kingdom, Sweden and the Netherlands already introduced animal welfare labels, not to distort market, but to provide consumers with transparent information. Germany called for the introduction of an EU-wide animal welfare label to show consumers that the animal was reared humanely but also to provide fair trade among the EU members.³⁶

33 Eurobarometer

34 REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS: Options for animal welfare labelling and the establishment of a European Network of Reference Centres for the protection and welfare of animals

35 Press release: Animal welfare labelling: Commission report launches in-depth political debate

36 Germany to seek EU animal welfare label on meat, Reuters, January 19, 2012



*Meets the Humane Farm Animal Care Program standards, which include nutritious diet without antibiotics, or hormones; animals raised with shelter, resting areas, sufficient space and the ability to engage in natural behaviors.



*Animal welfare labels certifying humane treatment of farm animals:
USA, UK and France*

BiH together with its private sector should learn the lessons from the EU. The state should promote the so-called green production while producers like Brovis should invest and specialize in animal friendly goods. While Brovis is eager to expand its offer to the EU market, there is at least another track and it is a market worth 2.3 trillion dollars, growing at 500 billion dollars annually.³⁷ The centre point of this market is the animals and their treatment. It is the vast Halal market.

The Halal market, based on the respect of Islamic principles of ethics and morality, is scrupulously watchful of consumer safety. But it is also focused on humane treatment of animals during breeding and slaughter.

“With a conventional slaughter, animals are in agony all the time because there is no communication between brain and heart, resulting in poor quality meat with blood in it. With Halal slaughter, the animal suffers pain only in the moment of cutting the neck vessels, after which the animal ‘drifts off to sleep’.”³⁸

Moreover, it is one of the most important sources of economic growth worldwide. Strategies to prepare domestic products for different markets are steps that BiH still has to undergo. A wealthy Halal market is able to absorb an incredible amount of goods, but those goods must fit certain criteria.³⁹

³⁷ Croatian Chamber of Economy

³⁸ Populari Interview with Amir Sakić, Director of the Agency for Halal Quality Certification

³⁹ Strict halal criteria prohibits domestic and wild pigs, dogs, snakes and monkeys, carnivores with claws and fangs, birds of prey with claws, pests and animals according to Islamic regulations prohibited to kill, such as ants, bees and woodpeckers, animals that live both on land and in water, such as frogs, crocodiles, mules and donkeys home, toxic and hazardous marine life and blood. Prohibited foods, poisonous and narcotic plants, except those which eliminate harmful substances in production. Prohibited alcohol and other intoxicating drinks are harmful to health. Additives that are banned from any raw material that is prohibited for Muslims. To make the meat was halal, the animal must be healthy and alive, and the person performing the slaughter must be a Muslim. With an animal must be treated humanely and slaughter must say a prayer “Bismillah.”

Bosnia's first neighbour Croatia has been heading towards Halal markets full speed ahead in the last three years. By June 2012, 2,800 Croatian products were labelled Halal, with a total of 43 Croatian companies having the Halal certificate that enables export to forty four countries around the world, where food safety standards are exclusively in accordance with Sharia law⁴⁰. Until 2010, supervision over the certificate issuing and the entry for the market in Croatia was done by the Agency for Halal Certification based in Tuzla, BiH, with a branch office in Croatia. In January 2010, the Centre for Halal Quality Certification was established in Croatia by the Croatian Islamic Community. The need to register the Croatian headquarters was evident if one looks at the numbers. Only in 2009, one year prior to establishing headquarters, Croatian companies exported 672 million dollars worth of Halal products. An increase in export of Halal products is recorded ever since. In the words of Predrag Šegović, director of Čakovec company Pipo Perutnina, the reason for Halal certification is straightforward:

*"Forty four countries of the world, and more than 1.3 billion people, apply the law requiring that all goods related to food must have the Halal certificate – this is business."*⁴¹

Seemingly simple rules in some cases actually require radical changes in production: companies must upgrade its facilities and divide the warehouse and Halal plants from other parts of the company, and in other cases, it is necessary to change the method of production or composition of the product to make it Halal. For meat products, this is vitally important. Pipo Perutnina explains the rationale in the following way:

*"Based on the strategic objectives of corporate development and long-term plans for product placement in the markets where we are present, and efforts to meet the requirements of target consumer groups, such as representatives of the Islamic community, we decided to introduce a Halal standard quality".*⁴²

40 Sharia is the fundamental religious concept of Islam, namely its law. Islamic law is therefore the expression of Allah's command for Muslim society and, in application, constitutes a system of duties that are incumbent upon a Muslim by virtue of his religious belief.

41 Predrag Šegović, director of Čakovec company Pipo Perutnina

42 Predrag Šegović, director of Čakovec company Pipo Perutnina

Where does BiH Stand?

BiH, a country with almost two milion Muslims, has failed to meet the demands of its own citizens for Halal products, not to mention export. BiH certainly represents a fertile ground for the import of Halal products, but must position itself for export too. According to a survey⁴³ conducted by the BiH Agency for Halal Quality Certification in 2008, a large 75% of local citizens care about what they consume and think that certified products should be labelled with a Halal sign.

With such a demand, it is not surprising that Aziz Hasanović, director of the Croatian Centre for Halal Quality Certification, is proud of Croatia's success:

*"Some Bosnian companies have the Halal certificate, some do not. Croatia has even more certified products than BiH, which reflects the fact that Croatian company management is more perspicacious in regard to this issue."*⁴⁴

This is the reason why all five Croatian poultry industries, owning Halal certificate, export their products to BiH. Having in mind that fourty Bosnian companies⁴⁵ are Halal certified, and only two are in the poultry industry, the question is why producers in BiH are not responding properly to the demands of Halal consumers in their own country. Are our neighbors more far-sighted to have noticed an opportunity for export to the Middle East and the rest of the world where Halal is required, while Bosnian companies cannot satisfy even the demand of their own citizens, let alone the expansion of export? Their apathy seems even stranger, if we believe the words of Aldin Dugonjić, the Chief Secretary of the Center for Halal Quality Certification in Croatia, who stated that turnover of some companies, has increased by even 40% since they introduced Halal certificate.⁴⁶

It is important to point out that the costs of introducing the Halal certificate are affordable (around 700 Euros), while the process of certification lasts only 3 to 8 months.⁴⁷ When all these facts are put together, it becomes clear that Bosnian producers lack marketing strategies and efforts to place their products elsewhere and thus expand their business.

43 The survey has lasted for three months and has covered 1,000 consumers and all major shopping centers across the country. It included all citizens of BiH, regardless of their ethnic or religious background.

44 The Islamic community in Croatia – Split Majlis of the Islamic Community Web Portal: Croatian Export Hit – Halal Food

45 Data available on the website of the BiH Agency for Halal Quality Certification

46 Lider: "Companies with Halal certificate turnover growing by 40%", Ines Skender, 25 April 2012

47 Aziz Hasanovic, Director of the Center for Halal Quality Certification in Croatia.

Having positioned itself as a regional leader when it comes to Halal products, it is clear that Croatia uses all measures available to cover both Western and Eastern markets, while BiH still struggles to understand that plastering Halal certificates on office walls means little when it comes to the market economy. More than 1.8 billion consumers worldwide purchase Halal products,⁴⁸ and what is more, the Halal food market is forecasted to grow by more than 20% over the next decade. If this is not a powerful incentive for the private sector, one is left to wonder whether Bosnian companies have any vision for expanding their market.

Instead of Conclusion

The value of the products that are animal welfare friendly is enormous and still to be fully understood both in ethical and monetary terms. While, indeed most of the responsibility lies with producers, they should be able to exert pressure onto domestic institutional structures, whose primary aim should be to have competent and educated staff on the field, reputable inspectorates and a way to preserve quality control.

In this paper, animal welfare is taken as an example we can all relate to and it concerns us all in different ways. It is also one of the obstacles that can easily be solved to enhance the entire sector. Before BiH can export, it must reorganize its domestic structures, achieve high quality and become a competitive partner in the region. Steps have been taken, an Action plan was developed and in 2009, legislation enacted, but since then very little has happened in terms of implementation. One of the causes of such poor conditions of reforms in this sector is the fact that in 2008 nobody believed that Croatia would join the EU in 2013 and therefore did not recognize the necessity of reform. There are guidelines and straightforward plans, among other ten urgent measures to be implemented. Even then, it will require constant work on maintaining and improving the standards achieved, as it is a continuous process, and this is the nature of the game in the EU.

With a number of issues that have yet to be resolved, before Bosnian meat producers can easily access markets outside their domestic borders, animal welfare also needs to become part of reform. Until there are issues that are set aside as minor, such as animal welfare, there will be no real EU plan for BiH.

48 International Halal Integrity Alliance

Recommendations for Policy Makers

In addition to fully implementing the Road Map, before considering inviting another Food and Veterinary Office (FVO) inspection for the poultry sector, make sure you also ***implement all national regulations on animal welfare*** because the FVO will check that as well, since the animal welfare legislation must comply with the Acquis too.

The Veterinary Office, entity ministries and inspections at all levels, should ***understand that animal welfare is a concern in terms of export but also food safety and human health, and thus promote the concept as such***. Moreover, the state Veterinary Office needs to be more concrete concerning the matter, conducting campaigns and ensuring on-ground implementation of national legislation.

Taking responsibility and creating a system in which chains of command are clearly defined without overlapping competencies is a must. In order to ensure this, the Veterinary Office needs to ***initiate more communication and cooperation amongst all sectors and departments***; often, this will mean demanding actions from various institutions.

The state/entity/canton also needs to ***invest in hiring more inspectors***; especially ones ***specialized in animal welfare***, and divide them into regions with constant rotations to prevent them getting too friendly with companies in their area.

Since producers are not fully aware of what is going on in terms of legislation and regulations stemming from the EU Acquis, and since they are rarely consulted or involved in drafting the legislation, ***it would be useful to engage private sector more often in the process and exchange opinions with them, consult, and update them on their responsibilities but also, the state progress and improvements in the veterinary sector***.

Recommendations for Industry

As animal welfare is not covered by Hazard Analysis and Critical Control Points (HACCP) and ISO, ***companies should educate themselves on*** clear specifications and responsibilities laid out in these standards, and ***animal welfare national legislation*** to avoid confusion in implementing them. However, the priority for producers should be to familiarize themselves with national laws and by-laws covering animal welfare and start implementing them. By implementing national laws, they will have prepared themselves for the EU regulation on animal welfare at slaughter coming into effect in January 2013.

Producers need to ***invest more money in hiring animal welfare officers***, especially those with knowledge of EU requirements and the benefits to health, competitiveness and profit animal welfare brings. In addition, they should ***invest in trainings and seminars on animal welfare*** for their staff, exchange visits within the region and internationally, and cooperation with the universities and faculties whose studies are closely related to animal welfare.

Producers should ***organize*** themselves ***and start exerting pressure*** on the Veterinary Office through the association of producers to intensify all activities regarding implementation of the Road Map to continue export to Croatia.

Recommendations for Consumers

Not everything that is on the market is good for us, and our health. As long as there is no full implementation of standards, including animal welfare, there is no way to guarantee the origin or the quality of the meat that we consume.

Extra attention to labels of goods we buy is the first step ahead. Soft quality that the EU applies as a norm might not be at full access in Bosnia, but it certainly paves the road to what is to be achieved. Taking care of what we eat has a direct impact on the industries organizing their markets around demand.

After all, ***the consumer is the chief inspector*** and without maybe knowing it, runs the market.



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