

# True costs of producing & consuming animal sourced food in the EU

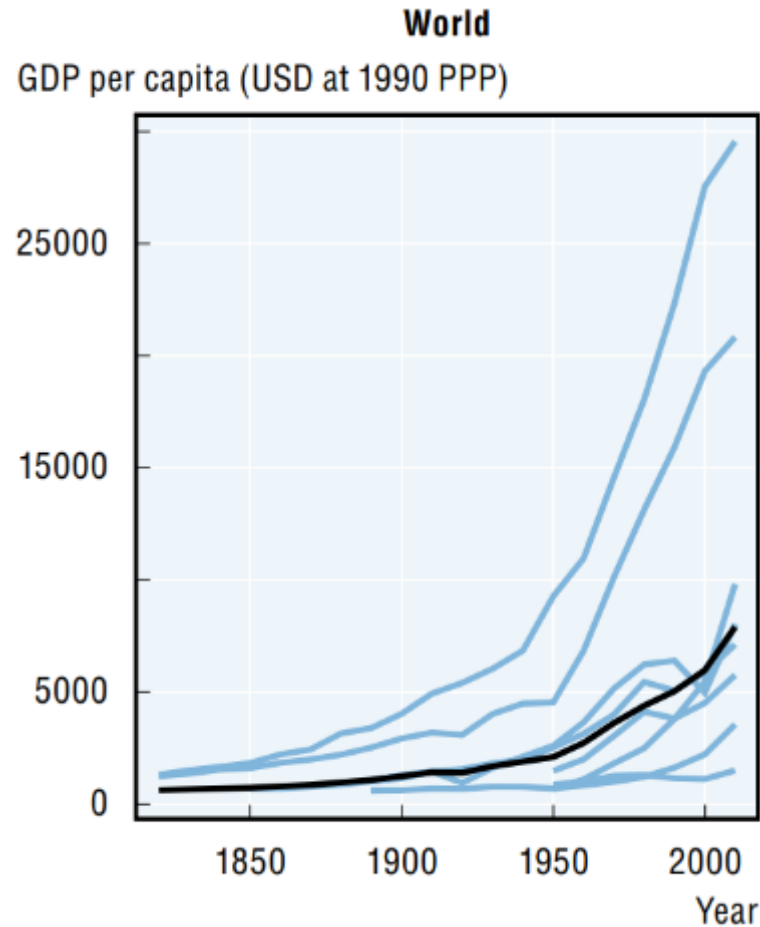
Commissioned by:

**EUROGROUP  
FOR  
ANIMALS**

True Cost Assessment by:



# 19<sup>TH</sup> AND 20<sup>TH</sup> CENTURIES: PRICE & PROFIT BASED MARKET ECONOMIES HAVE BROUGHT MATERIAL WELFARE | AT A COST



Climate change could result in 25% decline in global GDP this century (NGFS, 2021)



A million species are threatened with extinction (IPBES, 2019)



More people than ever (1 in 200) are in a form of forced labour in our economy (Hodal, 2019)



20% of the global working population are working poor (ILO, 2019)



# 21<sup>ST</sup> CENTURY: REALIZE **IMPACT ECONOMY** THAT CREATES **TRUE VALUE**

Current economy

Impact economy

**Goal**

**Financial Value**

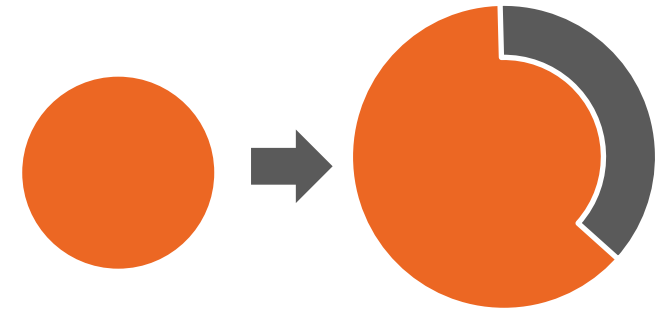
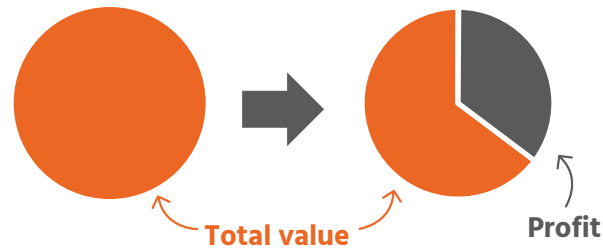
**True Value**



**Business models**

**Extractive**

**Generative**



**Causes**

**Profits, prices, returns**

**True profits, true prices, true returns**



# ABOUT IMPACT INSTITUTE

Impact Institute enables organisations to measure impact and improve decision- & policy-making

## Vision & Mission



## Our services



Advisory



Data &  
software  
solutions



Workshops  
& training

## Selection of clients



Triodos Bank

achmea



Triodos Bank

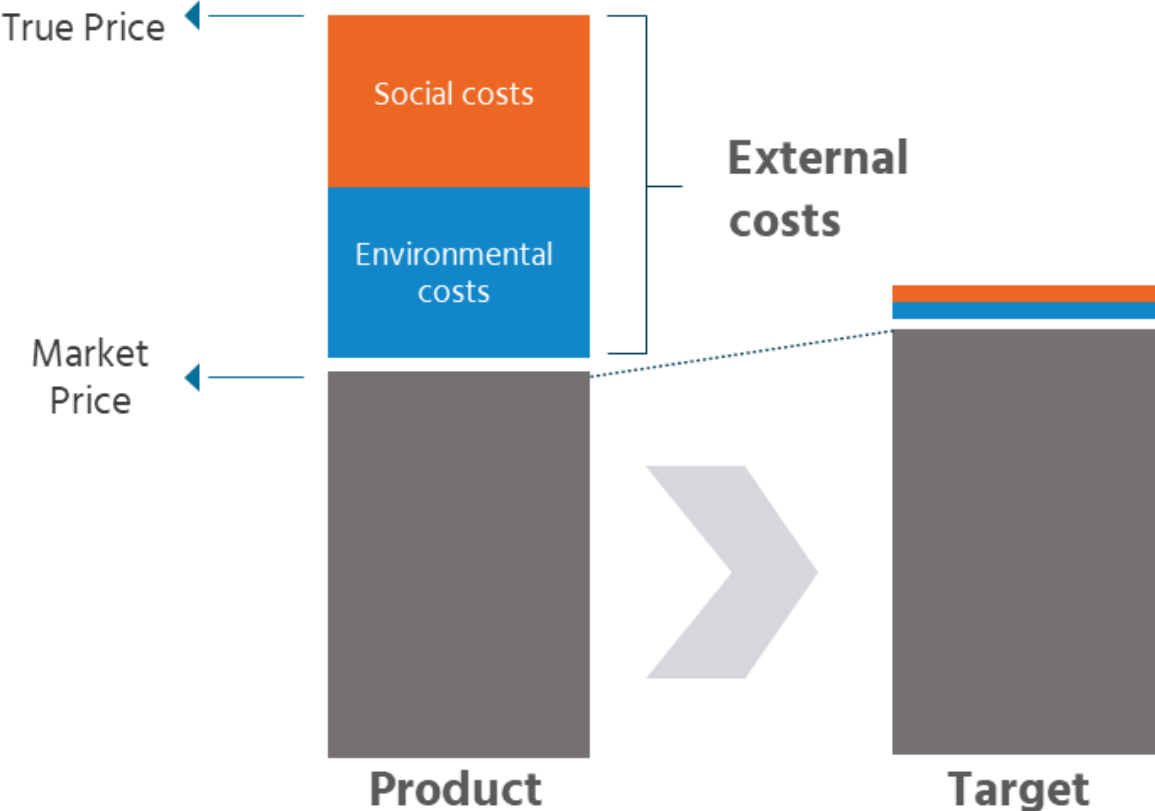


Solidaridad



# TRUE COST ACCOUNTING

True Price method –published by True Price Foundation- is part of growing field of True Cost Accounting



# TRUE PRICE METHOD

Translating footprint into true price information based on valuation

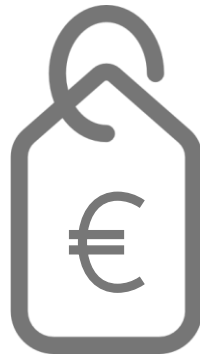
Footprint



Size x Unit

Examples of units: ton CO2-eq,  
DALY, liter diesel

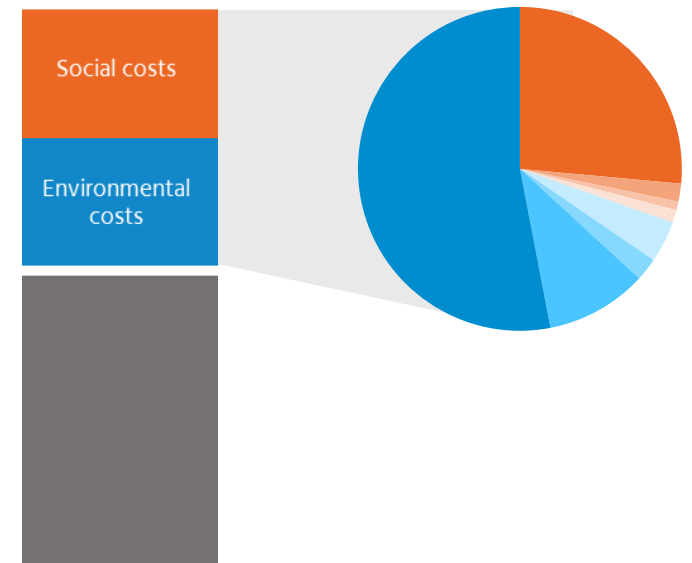
Valuation



Transfer into €

Valuation is done through  
remediation costs

True Price



# True Cost assessment

*True Cost assessment of animal sourced food in the EU*



# SCOPE

## Focus on the production and consumption of animal sourced food in the EU

### Types of animal sourced food



Red meat  
(beef, pork,  
lamb/mutton)



White meat  
(chicken, turkey,  
poultry)

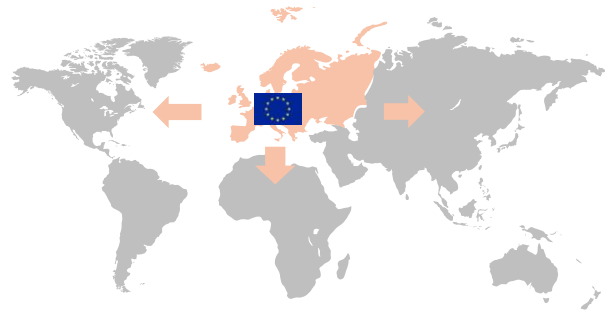


Dairy

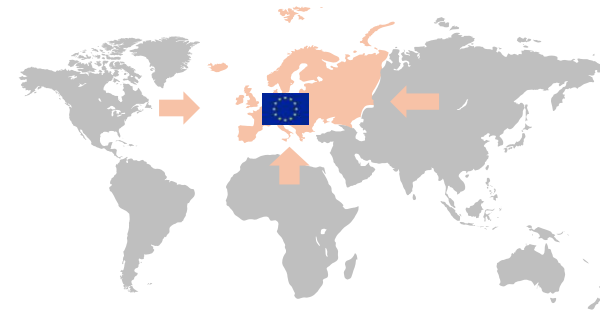


Eggs

### Geographical scope



**Production in  
the EU** for global  
consumption



**Consumption in  
the EU** based on  
global production

### Value chain scope





# SCOPE

## True costs of producing and consuming animal sourced food in the EU



Animal welfare loss



Soil quality



Diet-related disease



Underpayment



Contribution to climate change



Zoonotic disease



Air pollution



Land use



Antimicrobial Resistance (AMR)



Water pollution



Biodiversity loss



# SCOPE

## Contrasting current production & consumption with better production & less consumption

**Current production and consumption of animal sourced food in the EU**

### **Increase organic production to 25%**

### **Improve animal welfare measures, for example:**

- Reduce duration of transport to slaughter from 24h to 12h
- Lower stocking densities for conventional broiler (30 kg/m<sup>2</sup>) and laying hens (7 hens/m<sup>2</sup>)
- Lower stocking densities for conventional and organic pigs (doubling of m<sup>2</sup>/kg)

### **Consume less animal sourced food**

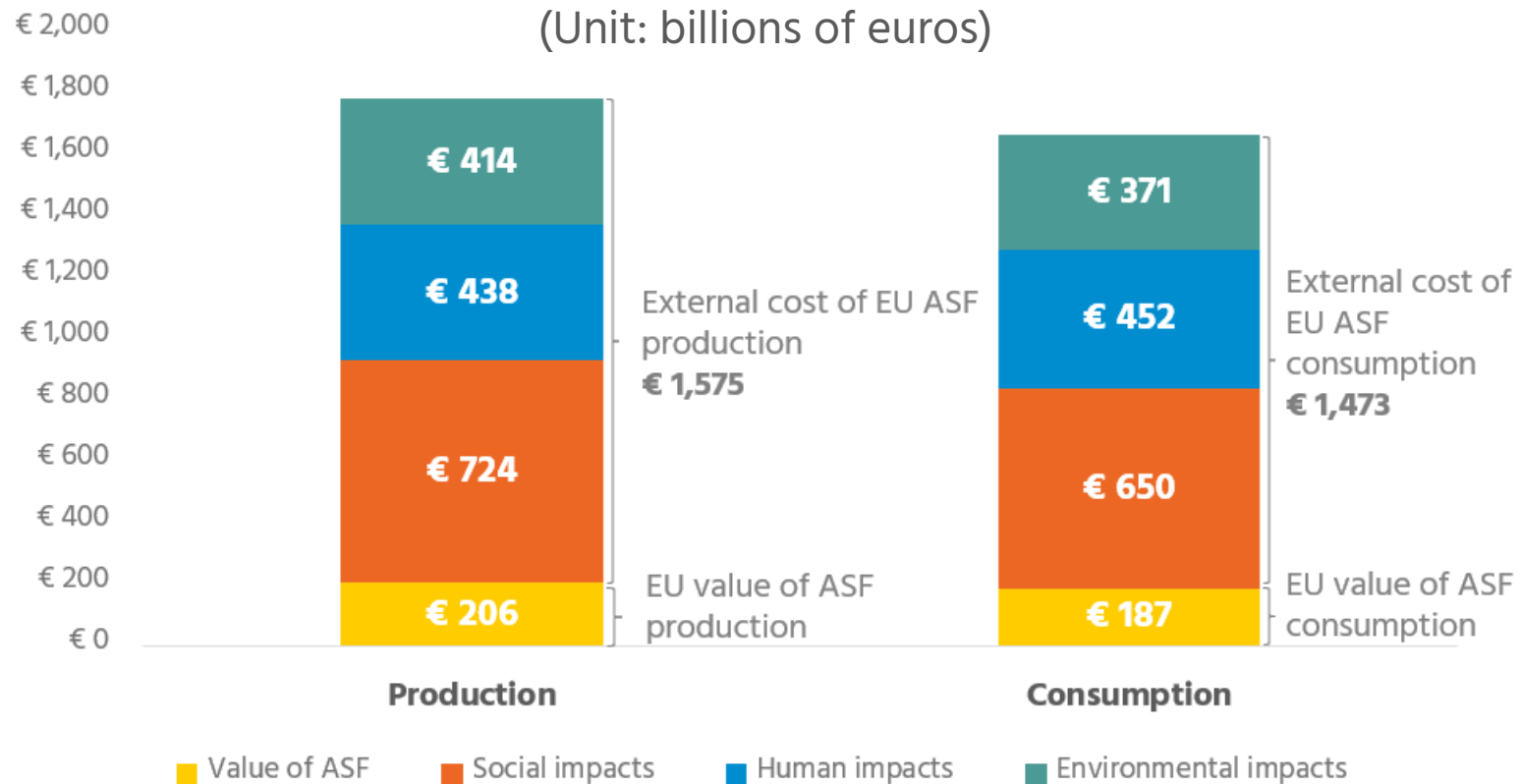
- -89% red meat\*, -67% white meat, -69% eggs, -80% dairy, -58% fish *based on FAO's flexitarian diet*
- Compensate with plant-based proteins

### **Better & less scenario**

Better production and less consumption of animal sourced food in the EU



# ECONOMIC VALUE AND TRUE COSTS OF ANIMAL SOURCED FOOD IN THE EU IN 2022

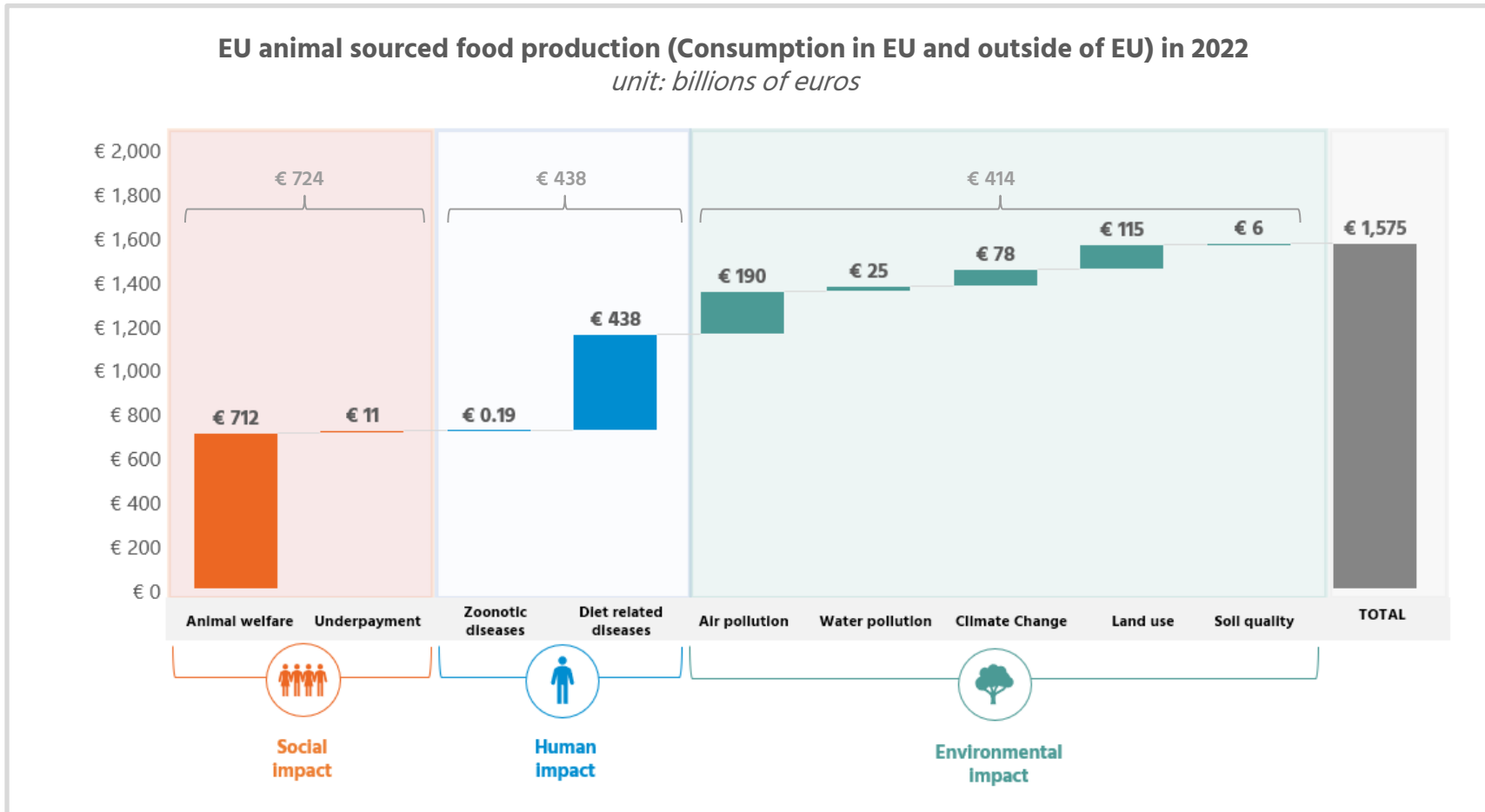


**Quantified true costs** of animal sourced food **production** in the EU (€ 1575 billion) are **7.5x larger than its economic market value**

Similarly – true costs of EU **consumption is 7.8x larger than EU expenditure** on animal sourced food



# TRUE COSTS OF CURRENT PRODUCTION



**Animal welfare loss** and **diet-related disease** make up **73% of true costs** attributed to production of animal sourced food in EU

In addition – there may be external costs resulting from **Antimicrobial Resistance** in livestock and humans

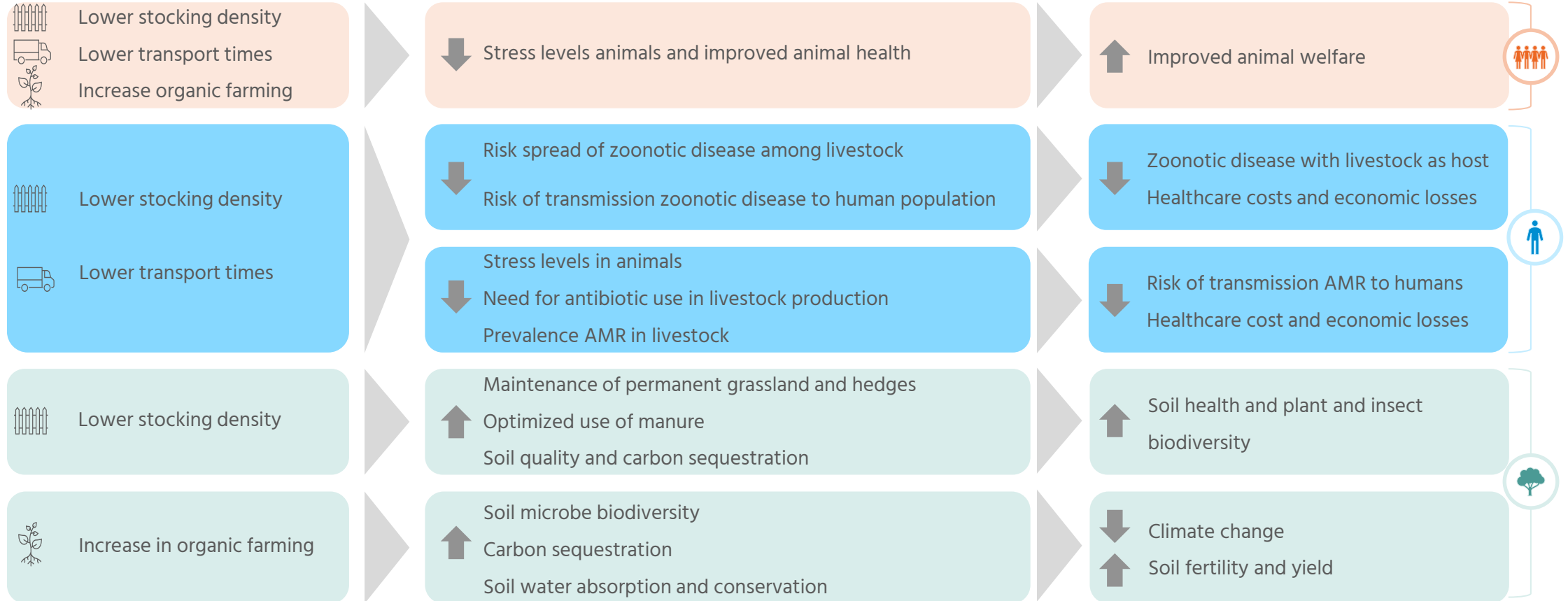


# IMPACT OF BETTER PRODUCTION

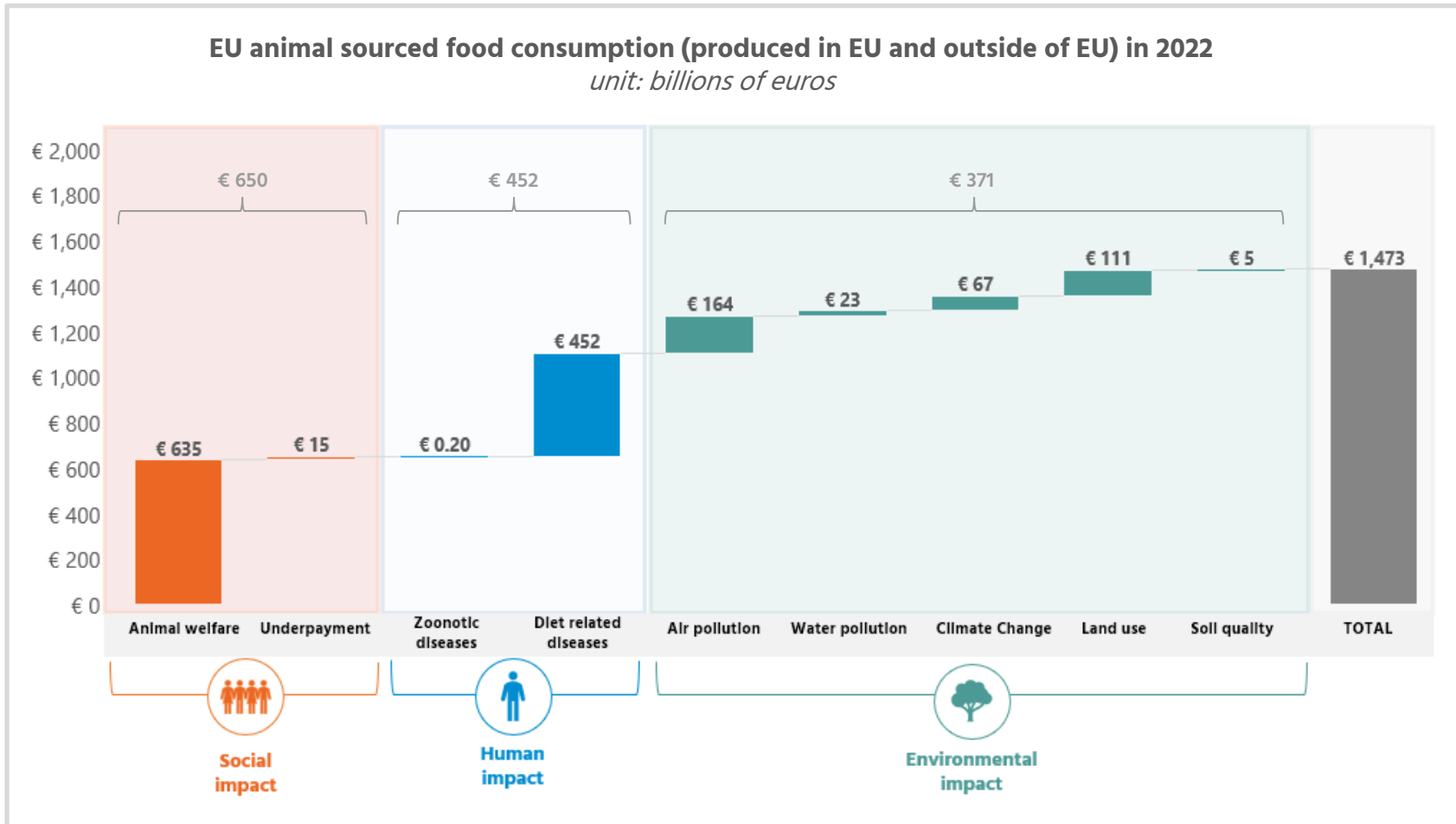
## Activity

## Outcome

## Impact



# TRUE COSTS OF CURRENT CONSUMPTION



Key causes of true costs of consumption are **similar to key causes of production**

Main causes are **animal welfare loss (43%), diet-related disease (31%), air pollution (11%) and land use (8%)**



# CONCLUSIONS

## Opportunities for true cost reduction based on initial findings

### High-level observations



**High true costs** of current EU production (€ 1575 billion) and consumption (€1473 billion) of animal sourced food



**Key causes** of true costs are **animal welfare loss** and **diet-related disease**



**Causes of animal welfare loss** such as high stocking density **increase** high risk of disease spread among livestock & humans



**Insufficient data** to quantify full true costs of current system

### Recommendations



**Opportunity to reduce true costs** of the EU's current animal sourced food system



**Better production** has the potential to positively impact animal welfare, human health and farm-level biodiversity



**Avoid potential increased land use** of organic production by combining better production **with a dietary shift** of animal sourced food in the EU



Request **research to increase data availability** for quantifying true costs of animal sourced food system (for example on effects on human health of meat consumption and antimicrobial resistance)



Address: Haarlemmerplein 2, 1013 HS, Amsterdam  
Site: [www.impactinstitute.com](http://www.impactinstitute.com)  
Facebook: /impactinstitute.com  
Twitter: impact\_inst

Tel.: +31 202 403 440  
Mail: [info@impactinstitute.com](mailto:info@impactinstitute.com)

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