

Explanatory Memorandum to the Free-Range Egg Marketing Standards (Amendment) (Wales) Regulations 2025.

This Explanatory Memorandum has been prepared by Food Division to be laid before Senedd Cymru in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1

Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Free-range Egg Marketing Standards (Amendment) (Wales) Regulations 2025. I am satisfied that the benefits justify possible costs.

Huw Irranca-Davies MS

Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

28 January 2025

PART 1

1. Description

- 1.1 This statutory instrument amends existing egg marketing standards to enable free-range eggs to be marketed as such when mandatory housing measures are imposed, regardless of the duration they would be restricted access to open air runs.

2. Matters of special interest to the Legislation, Justice and Constitution Committee

- 2.1 None

3. Legislative background

- 3.1 The instrument amends the following assimilated EU legislation which was retained within domestic law after 1 January 2021 when the EU Transition Period ended:
- Under Annex 2 to Commission Regulation (EC) No 589/2008, where measures are adopted requiring access of hens to open-air runs to be restricted in order to protect public or animal health, eggs may continue to be marketed as ‘free range’ for a maximum continuous period of no more than 16 weeks.
 - This instrument will remove the current timings applicable to the derogation period to allow eggs to be continued to be marketed as ‘free range’ for however long any mandatory housing measures are implemented to protect public or animal health are imposed.
- 3.2 This instrument is made in exercise of the powers conferred by section 34(1) and 50(3) of the Agriculture (Wales) Act 2023 (‘the 2023 Act’).
- 3.3 Section 34(1) of the 2023 Act enables the Welsh Ministers to make regulations about the ‘*standards with which agricultural products listed in Schedule 1 must conform when they are marketed in Wales*’. Schedule 1 to the 2023 Act lists the products which are regarded as ‘agricultural products’ with reference to Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products (‘the CMO Regulation’). Paragraph 5 to Schedule 1 of the 2023 Act lists eggs and egg products as ‘agricultural products’.
- 3.4 Section 50(3) of the 2023 Act (as read with section 5 of the Retained EU Law (Revocation and Reform) Act 2023) confirms that regulations made under the 2023 Act are able to amend assimilated direct legislation.

3.5 Section 50(6) confirms that regulation made through the exercise of powers set out in section 34(1) will be subject to the affirmative procedure. As such, these regulations will need to be approved by the Senedd before they are made.

4. Purpose and intended effect of the legislation

4.1 The purpose of this statutory instrument is to enable free range eggs to be marketed as such when mandatory housing measures are imposed, regardless of the duration they would be restricted access to open air runs.

4.2 Past outbreaks of Avian Influenza (AI) years resulting in the implementation of mandatory housing measures for free range poultry have exceeded the maximum 16-week derogation period during the winters of 2021-22 (for 22 weeks) and 2022-23 (for 19 weeks) in Wales. After which free range eggs could no longer be marketed as such and had to be labelled as barn reared. This instrument will ensure free range egg producers are not penalised for complying with mandatory housing measures implemented under the Chief Veterinary Officer guidance to safeguard bird welfare and public health.

4.3 The United Kingdom (UK) is estimated to be 90% self-sufficient in egg production with 64% free-range. In Wales, free range production dominates Welsh production with approximately 90.7% of Welsh egg producers listed as free range and an estimated total of 327 Welsh free range egg producers. Wales equates to 21.1% of total UK production of free range eggs (2022)¹. Welsh businesses currently operate seamlessly with the rest of the UK with a high volume of egg trade across the borders and the majority of Welsh eggs sent to packing stations in England.

4.4 The European Union (EU) serves as the primary supplier of imported eggs, particularly through Northern Ireland, while approximately 94% of UK egg exports are sent to the EU. Following the UK's departure from the EU, the UK Government granted to EU-imported eggs "equivalency" status, which the EU reciprocated and extended to UK eggs. This decision was based on both parties implementing closely aligned legislation.

4.5 The EU and by extension Northern Ireland (in accordance with the Windsor Framework), revised marketing standards legislation for eggs in 2023. That in the event of mandatory housing measures, eggs will be sold as free range regardless of how long hens have been housed for, removing the 16-week time limit. Defra and the Scottish Administration consulted on adopting the same policy for eggs as the EU/NI to ensure the continuation of a level trading position, with Scotland implementing

¹ Brookdale estimate (2022)

the changes in 2024 and England progressing towards enforcement in January 2025.

- 4.6 Should Welsh policy be inconsistent with the rest of the UK and EU, this would add additional complexity and further cost to operations. Potentially triggering higher costs and shortages, which would have a significant impact on consumers as well as the profitability and viability for Welsh businesses who invest in free range production.
- 4.7 This instrument ensures Wales can achieve parity with the rest of the UK and EU. If Wales was not aligned, it would remain the only UK nation required to respond to changes in labelling if the derogation period's time limit was exceeded. A situation that would place Welsh producers at a commercial disadvantage.
- 4.8 The likelihood of an AI breakout increases during colder weather. During the autumn-winter 2024-25 season, there have been multiple cases of HPAI (Highly Pathogenic Avian Influenza) confirmed, with disease control activities and surveillance zones declared in England since November 2024 and, more recently one in Angus, Scotland, in January 2025. There have so far been no outbreaks in Wales in the 2024-2025 season. However, if mandatory housing measures were put into place, then the derogation period currently provides 16 weeks in which free range eggs can continue without changes to labels on the products or packing. Any delay of this instrument coming into force would negatively affect businesses, particularly as England's changes, set to take effect in January 2025, will create discrepancies between the nations and pose challenges to an interconnected supply chain.
- 4.9 Additionally, if the statutory instrument were not implemented within the planned timeframe and an AI breakout occurred which resulted in mandatory housing measures exceeding the 16-week derogation period, then Welsh eggs raised as free range would be required to be downgraded to barn status. It was raised in the consultation that English packers may reject Welsh eggs to avoid to complexity of relabelling and repackaging. This would have significant financial consequences for Welsh businesses and reputational impact on Welsh Government.

5. Consultation

5.1 Formal Consultation

Given the urgent nature of these changes, a consultation ran for a shorter period of 6 weeks from 29 July until 9 September 2024. This was to provide more time for the regulations to come into force if an AI outbreak occurred in late 2024/ early 2025 and a mandatory housing measure was put in place.

The consultation sought opinions on whether to make amendments to the law, anticipating the outcome would directly affect egg producers, processors, retailers, importers, exporters, consumers and organisations with an interest in the egg industry. The consultation was publicised across various platforms and industry stakeholders were informed and invited to contribute.

The consultation received forty responses mostly from the egg and poultrymeat industry: egg producers, poultry producers, processors, retailers, importers, exporters, sector trade and membership bodies. The proposed change had strong support with 89% of respondents supporting the removal of the 16-week time limit on the derogation period in Wales for free range eggs. 94% also agreed it would be better for policy in Wales to have a consistent with policy in other countries like England and Scotland. A quarter of respondents thought consumers could be confused by the proposed alterations to free range eggs. Suggestions given to mitigate this included providing additional signage at the point of sale. A number of respondents highlighted the intricate and interconnected nature of the egg and poultry supply chain across the United Kingdom, which has international trade connections, and the potential consequences of a complex and costly operation on the supply chain and consumers if Welsh legislation was not aligned with the rest of the UK.

Consultation documents and a summary of the responses are available at: [Free range egg and poultry meat marketing standards | GOV.WALES](#)

5.2 Consumer Survey

A survey was commissioned through Beaufort Omnibus Wales Survey to establish the impact of the policy changes to free range egg labelling on Welsh consumers, exploring whether consumers were supportive, concerned or indifferent.

The survey, conducted between 3 – 23 June 2024, was representative of the adult population resident in Wales aged 16 and over. Out of 1,000 interviews conducted and analysed, 75% supported the idea of free range hens and other poultry being kept inside during bird flu pandemics. After it was explained that in these circumstances, eggs and poultrymeat from these birds can still be sold as free range for a certain period of time without any relabelling or repacking, a majority of 60% felt this was acceptable. Almost half (49%) said they would support the same policy being introduced in Wales as in the rest of UK/EU, 27% would not, and 23% were unsure.

Further detail has been provided in the Regulatory Impact Assessment in Section 2.

The Consumer Survey is available at: [Free Range Eggs and Poultrymeat Survey | GOV.WALES](#)

5.3 Stakeholder Engagement

Meetings have been held with industry members to discuss the Consultation's proposal to remove the 16-week derogation period. Including a discussion with retailers to explore the most effective way to keep consumers informed when mandatory housing measures are in place.

PART 2 – REGULATORY IMPACT ASSESSMENT

6. Introduction

- 6.1 This section is a Regulatory Impact Assessment (RIA) for the proposed amendments to legislation that will remove the derogation time limit and enable free range eggs to be marketed as such when mandatory housing measures are imposed.

This RIA will provide Welsh Ministers with an assessment of the likely costs and benefits of the instrument and is based on the principles and guidance set out in the Welsh Ministers' regulatory impact assessment code for subordinate legislation.

The findings and estimates presented in this RIA are indicative and based on information available at the time of analysis. Given the strong interconnection of the egg supply chain between Wales and the rest of the UK, many of the figures used are UK-based. Welsh-specific data has been used where relevant and appropriate. The RIA follows a similar methodology to that used by Defra in their equivalent analysis.

7. Policy Overview

7.1 What action is the Welsh Government considering and why?

Mandatory housing measures for poultry have been implemented in recent years as a key part of the Avian Disease control strategy. Under current egg marketing standard regulations contained in Retained EU Legislation (REUL), free range eggs may continue to be marketed as such during a 16-week derogation period. Beyond this, they must be reclassified and sold as barn reared. In the past two outbreaks, the 16-week derogation period was exceeded and as a result, free range eggs were required to be labelled as barn reared for six weeks during the 2020-21 outbreak and three weeks during the 2022-23 outbreak.

The European Union has already changed its egg marketing standards to enable their eggs to be sold as free range regardless of how long hens are under mandatory housing restrictions, extending to Northern Ireland (NI) under the Windsor Framework. Fundamentally, this could put Welsh free range egg producers at a competitive disadvantage if their eggs are required to be labelled as barn eggs if the derogation period is exceeded. Particularly when eggs from the rest of the UK or imported from the EU and NI will not be required to do so. As this is a devolved matter, Wales must choose whether to follow suit, with England laying their SI and the Scottish Administration in the process.

If Wales does not adopt similar measures as the rest of the UK and EU, Welsh producers could face significant disadvantages, potentially leading to

long-term negative impacts on the free range egg industry in Wales. Industry has expressed these concerns are heightened by existing challenges of rising production costs, the cost-of-living crisis and labour shortages. In addition, free range eggs incur a premium price due to the higher welfare standards. During mandatory housing measures, producers not only bear the additional cost of maintaining free range systems while ensuring the hens are kept indoors, but also lose their free range premium when required to relabel their eggs as barn reared.

This instrument would ensure that free range egg producers are not penalised for complying with mandatory housing measures by enabling free range eggs to be marketed as free range regardless of how long hens have been housed for. This would help producers recover costs and reduce the likelihood of imported or non-Welsh UK free range eggs substituting Welsh eggs. This instrument would support the long-term viability of the free range industry in Wales.

8. Options

Option 1: Business as Usual - Keep the 16-week derogation period

Maintaining the current derogation period involves three key considerations:

- The need for relabelling, often requiring the application of over stickers or repackaging.
- The potential loss of export markets and the risk of imported free-range eggs from the EU, NI and the rest of the UK entering Wales to replace domestically produced eggs, despite also being produced under housing measures.
- The challenge a policy divergence from the rest of the UK would pose to an interconnected supply chain, as Wales would be the only UK nation required to respond when the derogation period time limit was exceeded.

During housing measures, free range producers continue to incur the additional costs associated with maintaining required outdoor facilities. Furthermore, the overall cost of free range egg production in the UK is estimated to be 17% higher than that of barn production². During the 2022-23 avian influenza outbreak, without exceptional ad hoc exemptions, free range producers would have been required to “over-sticker” their packaging if their hens have been housed indoors beyond the 16-week derogation period. Through the consultation, Welsh egg producers have expressed concern on anticipated competitive disadvantages.

² Industry estimate (Please note that it has not been possible to verify these estimated costs, provided by industry and used in Defra's analysis).

Option 2: Extend the 16-week derogation period

If the derogation was extended, it would merely replicate what the current 16-week derogation period achieves. The risk remains that an avian influenza outbreak could exceed the newly introduced timeframe, which would lead to the same issues as before.

Moreover, the Welsh Government would be the only UK nation required to indicate to the industry that additional time would be expected to be used to source packaging to comply with Regulations. For these reasons, this option is not taken forward for further analysis.

Option 3: Abolish the 16-week derogation period

The **preferred option** to abolish the time limit on the derogation period during an AI outbreak removes potential risks from misalignment with UK and EU legislation, such as trade competition, loss of revenue, and increased costs. This option provides free range egg producers greater security by allowing them to continue selling their eggs as free-range, regardless of the duration of mandatory housing measures, ensuring they receive their free-range premium without interruption. This stability will help them to cover the additional costs associated with free range production, ensuring those facilities remain operational and ready when housing measures are lifted.

Should the derogation period not be abolished, Welsh egg producers would face labelling costs that would not be required of producers in the EU and the rest of the UK. Moreover, Welsh producers would not be required to relabel when exporting to the EU and as a result, Welsh producers may prioritise these export markets over domestic supply to avoid these costs and achieve higher profit margins.

9. Costs and benefits

This section will examine the costs and benefits associated with the implementation of this SI, being the removal of the 16-week time-limited derogation period, in comparison to business as usual. Potential costs or benefits resulting from the implementation of this Statutory Instrument have been categorised into monetisable and non-monetisable costs.

9.1 Costs

Key potential costs arising from abolishing the 16-week derogation period have been outlined as follows.

9.2.1 Non-monetised Costs

One type of cost that could arise from the implementation of the SI, is the possibility of consumers shifting their consumption patterns when informed about the changes in labelling. This would most likely come

from those who value higher animal welfare standards and when informed about the legislative changes may avoid purchasing eggs that are labelled as free range, knowing they have been kept indoors during mandatory housing measures. The regulatory change may also impact consumer confidence in the overall domestic free-range brand, which could have a significant impact on the free range industry given that 90.7% of egg producers in Wales are listed as free range and equates to 21.1% of total UK production of free range eggs³.

The Consumer Survey⁴ identified Welsh consumers strong preferences for purchasing free range eggs. When asked about the frequency of their choice, 55% answered they “always” chose free range eggs, and 19% said they “often” do. Among these consumers, the majority – 78%, reported purchasing their eggs from supermarkets. When assessing the attitude of Welsh consumers to free range labelling, 24% of respondents said it was not acceptable for packs to continue to be labelled and sold as free range without any relabelling or repackaging if the hens have been housed for an extended period. When consumers were asked whether the regulatory change would have any difference in their purchasing, 27% said yes there would be a difference, and of these, 62% indicated they would buy free range eggs less often.

Although it is difficult to accurately assess how the regulatory change would actually impact consumers demand in practice, these survey findings indicate that while a small minority may have concerns, the majority of consumers generally accept that during avian influenza outbreaks, eggs from hens temporarily housed indoors can still be labelled as “free range” until the diseases risk subsides.

9.2.2 Monetised Costs

Assuming supermarkets continue to manage egg prices to prevent them from dropping if demand decreases, removing the derogation time limit would be expected to have minimal impact on the sector.

As the proposed legislative change formalises conditions that have been previously practiced under exceptional circumstances, it is expected that businesses will not incur any significant additional costs when the derogation period is removed. Any costs incurred is expected to be minor and likely to arise from administrative tasks such as familiarisation with the new guidance. It is expected this cost will only be applicable for the year the instrument would be implemented.

These costs have been estimated using the methodology in Annex A and shown in Table 1.

³ Brookdale estimate (2022)

⁴ Welsh Government Free Range Eggs Survey, Beaufort Research (June 2024)

Table 1. Costs – Financial costs to businesses

	2025
Familiarisation Costs	£61,600

9.3 Benefits

The instrument aims to remove the 16-week derogation period which would reduce costs for businesses through removing expenses that would otherwise arise from adhering to the current “business as usual” regulatory framework (**Option 1**). The current regulations which include the 16-week derogation period will be used as the baseline to assess the benefits of the proposed changes under (**Option 3**) “Abolish the 16-week derogation period”.

The primary cost savings, considered to be the key benefits have been outlined below. These projections are based on the assumption that Wales would face HPAI outbreaks necessitating mandatory housing measures in the coming years.

9.3.1 Monetised Benefits

No requirement to “over-sticker” packaging

Under current legislation, producers have been required to “over-sticker” their packaging, once the 16-week derogation period allowing free range eggs to be marketed as such (during mandatory housing measures) had been exceeded. In the past two years, industry have instead inkjet printed “Barn Eggs” directly onto packaging, minimizing the additional costs associated with downgrading free range eggs. This is approach was used under exceptional circumstances, with businesses required to continue over-stickering packaging.

Over-stickering costs to businesses have been estimated from using the number of egg packs sold in Wales⁵, and the total yearly packing stations throughput of Welsh free range eggs figure estimated at 80%⁶. The price of over-stickering in 2025 shown in Table 2 has been estimated using the methodology in **Annex B**.

Table 2. Benefits – Over-Stickering costs (avoided)

	2025	2026	2027	2028	2029
Over-Stickering Cost	£27,700	£27,700	£27,700	£27,700	£27,700

⁵ Kantar estimate (2022 figures)

⁶ Estimate explained in Annex B.

In the long-term, costs associated with over-stickering are anticipated to decline annually, as the number of affected packs is expected to decrease. This reduction in affected packs is projected despite a gradual increase in egg consumption influenced by household⁷ and population growth⁸. Influences identified to drive this decline include a decrease in demand for Free range eggs as Welsh consumers choose to buy Free range eggs less often, particularly when reacting to free range eggs being labelled as such when the derogation period commences. Moreover, the introduction of a vaccine, projected to have transitional effects by 2028-29 may impact affected packs within 5 years of the amendment, and have significant impact after when full effects start. The monetary value of these two influences is difficult to determine, however, as any impact in the 5-year appraisal period is assumed to be minimal, the same cost-saving value has been applied to each year within this time-period.

Additional details on the influence of these factors on this trend are provided in **Annex B**.

9.3.2 Non-monetised Benefits

Additional costs that would be avoided include the potential loss of revenue for businesses due to the requirement to downgrade free range eggs to barn reared. While these losses are costs avoided, accurately calculating them would be a significant challenge. **Annex B** offers an indication on the potential costs associated with some of the following factors. Such as producers losing their premium pricing and the ability to export their eggs as free range to non-EU countries. Or production costs remaining unchanged despite eggs being labelled as barn reared, as producers continue to incur the expenses of maintaining free range systems during mandatory housing measures.

Additionally, when exemptions from Ministers to ink jet print were not granted, businesses have sourced egg boxes pre-labelled as barn reared to comply with marketing regulations. In some cases, this would lead to logistical challenges such as delays in sourcing appropriate packaging, delays in producing free range boxes again, uncertainty about how long the boxes would be needed, and waste costs from unused materials.

Respondents to the consultation indicated that some packing stations sourcing eggs across the UK have warned⁹ producers they may reject Welsh eggs during future housing orders. This is due to the logistical challenges of packing Welsh eggs separately, which the packing facilities are not equipped to handle. Such rejections could increase the price of Welsh eggs or lead to their replacement with English eggs or EU

⁷ Kantar (Wales, 2023)

⁸ ONS UK Population Projection (2020-35)

⁹ Welsh Government Consultation – Summary of Responses. Free range egg and Poultrymeat Marketing Standards (October 2024)

imports. Which despite being produced under the same conditions, can still be marketed as free range.

Considering the option **(Option 2)** to “extend” the current derogation period, both the associated costs and cost savings outlined above would be expected to remain similar to those under **(Option 1)** “business as usual” scenario, with only slight variations. Businesses would still need to familiarise themselves with the regulatory changes. The requirement to over-sticker packaging as well as the loss of free range premium would be delayed by only a few weeks. Moreover, the risk that an avian influenza outbreak could exceed the newly introduced timeframe remains, which would lead to the same issues as before.

9.4 Overall Outturn

As previously noted, the costs associated with familiarisation are expected to be a one-off cost incurred in the year the instrument is implemented. However, the costs avoided from no longer having to undertake over-stickering are expected to continue into future years (albeit potentially declining in the longer-term). Despite this, the benefits of **(Option 3)** to abolish the derogation period, are evident past the initial year. When the costs avoided from over-stickering are subtracted from familiarisation costs, the result is a net positive outcome over the 5-year period, demonstrating a favourable balance of benefits. *The costs and benefits have been discounted using HM Treasury’s central discount rate of 3.5%. The net present value (NPV) over the 5-year appraisal period is £67,800.*

Table 3. Overall Outturn

	2025	2026	2027	2028	2029
Costs – Gross					
Familiarisation	£61,600	£0	£0	£0	£0
Benefits – Gross					
Over-Stickering cost avoided	£27,700	£27,700	£27,700	£27,700	£27,700
Net Benefits – Cost	-£33,900	£27,700	£27,700	£27,700	£27,700

10. Risks and uncertainties

Risks in the analysis arise from the many uncertainties and challenges in accurately calculating costs influenced by various factors. Key considerations include the likelihood of future Avian Influenza outbreaks

lasting beyond the 16-week derogation period, the unpredictable impact of consumer reactions on the demand for free-range eggs during mandatory housing measures, and the financial implications of Welsh policy diverging from the rest of the UK and EU. Variables which could have a sizeable impact on the estimated benefits.

11. Conclusion

Despite these uncertainties, which can be expected when making projections related to epidemiological diseases such as avian influenza. The estimated net benefits associated with the preferred option to abolish the 16-week derogation period, amounting to £76,900 across 5 years (£67,800 in present value terms). These savings, outweigh the potential one-off costs from familiarisation, which can provide sufficient confidence to proceed with this regulatory amendment.

12. Post implementation review

13.1 No formal review will be undertaken as the amendment to regulation will not introduce any additional regulatory burdens on businesses or the voluntary sector. However, the Welsh Government will monitor the impact of this legislative change as part of its ongoing oversight of the egg industry during avian influenza outbreaks.

13. Impact Assessments

13.1 Competition Assessment

11.1 The competition filter suggests there is no risk of detrimental effects on competition within the egg industry from the suggestive legislative change. Moreover, no significant competition issues from the proposed changes were raised by industry during the formal consultation.

13.2 Children's Rights Impact Assessment

12.1 No negative impacts to Children's Rights were identified as part of the public consultation, stakeholder engagement or the preparation of assessment. Pursuant to section 1 of the Rights of Children and Young Persons (Wales) Measure 2011, officials consider that the instrument does not give rise to issues regarding children's rights.

14. Appendices

14.1 Annex A – Costs

15.1.1 Familiarisation Costs

Lack of empirical data makes it difficult to determine any familiarisation costs. However, it is expected these costs would arise from additional administrative tasks to become acquainted with the changes. This would include the initial amount of time, calculated in hours/ wages for industry members to understand and implement the updates. Which would take a middle ranking official no more than approximately 6 hours on a wage of £27.50 per hour which including overheads would give an estimated cost of £200 per business. There is estimated in Wales to be 297 producers¹⁰, 4 packers and 7 key agents/ representatives in Wales that would have an interest in becoming acquainted with the changes. This gives a total estimated cost of £61,600¹¹. It is expected this cost will only be applicable for the year the instrument would be implemented.

14.2 Annex B – Benefits

The following are savings from avoiding hypothetical costs to suppliers which would have been incurred had they been legally required to downgrade their free range eggs to barn eggs after the 16-week derogation period has been exceeded.

14.2.1 Over-Stickering Costs

The cost of over-stickering estimated for 2025 has been based on the assumption that the 2024 price provided by industry would remain constant. Cost savings from over-stickering egg packs have been estimated from the following assumptions.

- The number of egg packs sold in Wales is estimated at 26,500,000¹² packs.
- The total yearly UK packing station throughput of Free range eggs figure of 60%¹³. Given the high number of Welsh free range producers, this percentage has been adjusted to reflect the throughput of Welsh Free range eggs as an estimated 80%¹⁴. Bringing the number of Free range packs sold in Wales estimated at 21,200,000.

¹⁰ Brookdale estimate (2022). There is estimated to be 327 farms producing eggs for human consumption in Wales with 90.7% of Welsh egg producers estimated to be free range.

¹¹ There are 9 large supermarket chains with presence across the UK that would already be familiar with the change in England and have therefore not been included in this calculation. They have however been included in Defra's cost analysis.

¹² Kantar & Brookdale estimate (2022 figures)

¹³ Defra Agriculture statistics (2023).

¹⁴ Given 90.7% of Welsh egg producers are listed as free range compared to 75% of English producers, and the high demand of Free Range and Welsh eggs in Wales, we can reasonably assume the percentage of free range eggs to be higher for Wales.

- The average yearly number of surplus weeks that the maximum 16-week derogation period was exceeded between 2021-22 to 2023-24 is 4.5 weeks, estimated as 8.7% of a calendar year. Multiplying 21,200,000 by a factor of 0.087 results in 1,844,400 egg packs being affected and assumed to be over-stickered.
- Based on industry figures that an application cost per sticker is 1-2p per pack¹⁵, the base cost of over-stickering is estimated at $1,844,400 \times 0.015 = \text{£}27,666$ per annum (£27,700 rounded to the nearest 100).

14.2.2 Factors influencing Annual Pack numbers

Despite the projected annual egg consumption in the Wales expected to gradually increase, influenced by household¹⁶ and population growth. It is assumed that the number of free range egg packs will gradually decrease based on the following potential influences and thereby decreasing the value of cost savings associated with over-stickering:

- **Consumer demand:** It is possible that there would be a decrease in demand for Free range eggs as Welsh consumers choose to buy Free range eggs less often, reflecting 24%¹⁷ of Welsh consumers who disagree that free range eggs should be called as such if they exceed the 16-week derogation period. This drop is supported when examining the retail egg prices in supermarkets¹⁸ during mandatory housing measures in 2021-22 and 2022-23 where there was a biennial average drop in free-range egg prices as consumers reacted to the announcement that the 16-week derogation period would commence.
- **Vaccination:** The introduction of a vaccine in the coming years, projected to have transitional effects by 2028-29 and full effects onwards¹⁹, would remove the need to house birds, thereby the need of derogation periods and the requirement to over-sticker packaging.

14.2.3 Loss of Premium through downgrading

The costs savings from removing the requirement to downgrade free range eggs to a barn classification after the 16-week derogation period has exceeded can be assumed given the following.

¹⁵ Industry estimate (Please note that it has not been possible to verify these estimated costs, provided by industry and used in Defra's analysis).

¹⁶ *Egg consumption in Wales in 2023 has been compared to 2022 Kantar. Although total egg consumption has fluctuated due to the COVID-19 pandemic and subsequent cost of living challenges, the overall sales values has grown, drive by higher unit prices. The proportion of households purchasing eggs has remained stable at around 94%, and with the general population increasing (ONS UK Population Projection (2020-35), the total number of buyers has risen. Furthermore, data from the ONS Family Foods survey highlights a long-term upward trend in per person egg consumption.*

¹⁷ Welsh Government Consultation – Summary of Responses. Free range egg and Poultrymeat Marketing Standards (October 2024)

¹⁸ Provided by British Free range Eggs Producers Association

¹⁹ Assumption on the timing and effects from a vaccination have been drawn from Defra's analysis.

- Using the average yearly number of surplus weeks in which the maximum 16-week derogation period was exceeded between 2021-22 to 2023-24, 4.5 weeks estimated as 8.7% of a calendar year.
- After the 16-week derogation period, producers are legally required to relabel free range eggs as barn reared. Businesses are dependent on the good will of customers to continue receiving premium.
- An estimated 21,200,000 Welsh egg packs²⁰ have been assumed to be affected annually.
- The average UK farm-gate egg price per dozen was £1.46 for free range eggs and £1.09 for barn eggs in 2023²¹.
- According to industry, potential costs to UK businesses which could be a loss of revenue of up to £73K – 1.1M²² per week could come from the difference between the retail price of free range and barn eggs.
- In addition to a loss of revenue potentially up to £20K per week for eggs that can no longer be exported as free range after the 16-week derogation period expires.
- Production costs remain unchanged when housing orders are in place, with producers continue to incur the expenses of maintaining free range systems. The overall cost of free range egg production in the UK is estimated to be 17% higher than that of barn production²³.

14.4 Annex C – Figures

Table C.1 Egg Types

Total Market (Defra) 2023	
Laying cage	23%
Free Range	64% (incl. estimated 4% organic)
Barn	13%
Retail Sector (Kantar) 2023	
Laying cage	20%
Free Range	74% (incl. estimated 3% organic)
Barn	6%

²⁰ See 14.2.1 Over-Stickering costs

²¹ Defra Agricultural statistics (2023).

²² Industry estimate (Please note that it has not been possible to verify these estimated costs, provided by industry and used in Defra's analysis).

²³ Industry estimate.

Table C.2 Egg Retail Prices

The British Free Range Eggs Producers Association conducted surveys of supermarket egg prices over recent years. The data for the period relevant to the Welsh derogation periods have been used here. The table shows a change in the 2-year average prices when the 16-week derogation period was announced.

Data from BFREPA surveying retailer prices									
16 week period	Some overlap in months								
Labelled as Barn									
Normal months									
2921-22									
Price of 12 Large Free Range Eggs 2021-2022 Housing Measures (29th November to 2nd May)									
	October	November	December	January	February	March	April	May	June
Asda	£1.98	£1.98	£1.98	£1.98	£1.98	£2.05	£2.10	£2.20	£2.20
Aldi	£1.89	£1.89	£1.89	£1.89	£1.89	£1.89	£1.99	£2.05	£2.09
Iceland	£2.00	£2.00	£2.00	£2.00	£2.00	£2.00	£2.25	£2.35	£2.35
Lidl	£1.89	£1.89	£1.89	£1.89	£1.89	£1.89	£1.89	£2.05	£2.09
Marks and Spencer	£3.50	£3.50	£3.50	£3.60	£3.75	£3.75	£3.75	£3.75	£3.75
Morrisons	£1.99	£1.99	£1.99	£1.99	£1.99	£1.99	£2.09	£2.20	£2.20
Sainsburys	£2.00	£2.00	£2.10	£2.15	£2.15	£2.15	-	£2.20	£2.30
Tesco	£2.05	£2.05	£2.10	£2.10	£2.10	£2.10	£2.20	£2.20	£2.20
Waitrose	£3.50	£2.50	£3.60	£3.60	£3.60	£3.60	£3.60	£3.60	£3.65
Avg.	£2.31	£2.20	£2.34	£2.36	£2.37	£2.38	£2.48	£2.51	£2.54
		-4.8%	6.3%	0.7%	0.7%	0.3%	4.4%	1.1%	1.0%
2922-23									
Price of 12 Large Free Range Eggs 2022-2023 Housing Measures (2nd December - 18th April)									
	October	November	December	January	February	March	April	May	June
Asda	£2.40	£2.45	£2.55	£2.55	£2.55	£2.85	£2.85	£2.85	£2.90
Aldi	£2.19	£2.19	£2.25	£2.29	£2.35	£2.49	£2.49	£2.65	£2.65
Iceland	£2.40	£2.45	£2.69	£2.69	£2.69	£2.69	£2.85	£2.85	£2.85
Lidl	£2.19	£2.19	£2.39	£2.45	£2.45	£2.55	£2.55	£2.55	£2.79
Marks and Spencer	£3.75	£3.75	£3.90	£3.90	£4.00	£4.00	£4.00	£4.00	£4.00
Morrisons	£2.25	£2.25	£2.25	£2.55	£2.55	£2.79	£2.85	£2.85	£2.85
Sainsburys	£2.35	£2.55	£2.55	£2.55	£2.55	£2.55	£2.80	£2.85	£2.85
Tesco	£2.35	£2.55	£2.55	£2.55	£2.80	£2.80	£2.80	£2.80	£2.85
Waitrose	£4.10	£4.10	£4.25	£4.25	£4.25	£3.95	£3.95	£3.95	£3.95
Avg.	£2.66	£2.72	£2.82	£2.86	£2.91	£2.96	£3.02	£3.04	£3.08
		2.10%	3.70%	1.60%	1.60%	1.80%	1.80%	0.80%	1.20%
			76.30%	-57.10%	0.90%	15.20%	-3.80%	-56.10%	60.70%
Biennial avg. P. 21/22 - 22/23	£2.49	£2.46	£2.58	£2.61	£2.64	£2.67	£2.75	£2.78	£2.81
Onset avg.		-1.36%							
		£0.03							
Reductions on current (i.e. latest available) avg. P.		-£0.042							

Table C.3 UK Packing Station Egg Throughput by Country
(Million dozens)

DEFRA Agricultural Statistics

Year	England & Wales	Scotland	Northern Ireland	UK
2021	651	122	170	943
2022	577	117	175	869
2023	522	126	182	830

Table C.4 UK Packing Station Egg Throughput by Egg Production Type
(% of total yearly production, Million dozens)

DEFRA Agricultural Statistics

Year	Enriched cage	Barn	Free Range	Organic
2021	35.4%	1.8%	59.0%	3.8%
2022	28.1%	6.8%	61.4%	3.7%
2023	23.4%	12.9%	59.9%	3.9%