

## Facts and figures about the European animal health industry



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# 1. Introduction

This document presents key facts and figures about the animal health industry and relevant information on the benefits and impact that animal health products bring to society.

The animal health sector is science-driven and highly regulated, which means that its products - animal medicines, vaccines, etc. - deliver quality, safety and efficacy. They are invaluable tools for farmers, veterinarians and animal owners to support the health and welfare of both food-producing and companion animals.

Each section of this document summarises fundamental aspects of the contribution of this industry to the sustainable development of the sector in Europe.

## About IFAH-Europe

IFAH-Europe (International Federation for Animal Health-Europe) is the organisation representing companies engaged in research, development and manufacturing of veterinary medicines, vaccines and other animal health products in Europe.

It represents both corporate members and national animal health associations in Europe. These associations comprise both small and medium-sized enterprises (SMEs) and international companies. IFAH-Europe's membership covers 90% of the European market for animal health products.

IFAH-Europe's mission is to promote a **predictable, harmonised, science-based and innovative market place** for the provision of quality animal medicines, vaccines and other animal health products, and so contribute to a healthy and safe food supply, and to a high standard of health and welfare for animals and people.

As a responsible industry we want to ensure that our stakeholders understand the work we do and the wide range of benefits we give to society at large. To achieve this, IFAH-Europe, as the voice of the European animal health industry, encourages constructive dialogue with governments, public policy makers, legislators, regulators, non-governmental organisations, the veterinary profession, the food chain, consumers and other stakeholders.

## 2. Executive summary

Animal health products, including pharmaceuticals and vaccines, contribute significantly to the health and well-being of both food-producing and companion animals. The animal health industry is committed to contribute to the prevention and treatment of animal diseases and so support the welfare of animals, food safety and the protection of the environment.

Innovation is a key driver for the animal health sector. Over €400 million are invested in research and development (R&D) each year in Europe; this represents approximately 10% of turnover of the animal health companies. However, 35% of the total R&D budget is devoted to keeping existing products in the market (defensive R&D).

The European market for animal health products is worth €4,156 million, representing 36.3% of its global counterpart.

It takes 8 to 12 years to develop and license a major new animal health product in Europe at a cost of €50 to 200 million. Over the last 15 years the development time has increased by 6 years and the cost by 157%.

Animal health products must be granted a license (marketing authorisation) before they are allowed to be placed on the market. The pillars of the process to obtain a license, known as "registration", are ensuring the safety, efficacy and quality of the products through a scientific and independent review.

The animal health industry provides around 50,000 full-time jobs in Europe and contributes to the livelihood of the European farming community, encompassing 9 million jobs (4.9% of the total employment in the EU).

### 3. Animal health products and their benefits to society

Animal health products have a positive impact on animal health and welfare, food safety, public health and the environment.

#### ■ Animal health and welfare

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Animal medicines and vaccines contribute significantly to the health and well-being of both farm and companion animals. These medicines are developed to ensure good health in all husbandry systems, with an eye to future developments in livestock farming.

IFAH-Europe members take note of public opinion and place great emphasis on the need for a scientific background to political and legal decisions on farming methods, as well as matters relating to animal medicine licensing and use. The animal health industry is committed to actively contribute to solve animal health issues and support the well being of our animals. **Animal health is a pre-condition for animal welfare.**

Modern improvements in every sector of the food chain, such as farming techniques, medicine development and processing, must be used to support a sustainable approach to agriculture, making it possible to use our current resources today to the best advantage without threatening their future availability.

- **Prevention of disease**

Improved sanitary conditions, vaccination strategies, and adequate management are the cornerstones for the comprehensive animal health programmes to control serious infectious diseases, which threaten animals and adversely affect production costs. Intensive collaboration between veterinarians and producers in setting up effective animal health programmes on farms is a must to achieve the highest level of animal health and well-being and to protect the consumer.

In the past, in order to control highly infectious diseases such as swine fever or foot and mouth disease, hundreds of thousands of animals were required to be culled. Modern technologies such as biotechnology can open up the possibility for vaccination to be used as an alternative method. For example, infected and vaccinated animals can now be differentiated from those who have been naturally infected by using a marker vaccine. Armed with this exciting new technology, IFAH-Europe members worked with policy makers to change prevention policy in the European Union in order to minimise the mass culling of healthy animals.

- **Treatment of disease**

Despite all preventive measures, animals still get sick and need to be treated. Animal medicines for livestock not only protect consumers from harmful food borne pathogens or zoonotic agents; they also improve the health status and wellbeing of the animal and therefore contribute to the quality of the animal products themselves.

- **Responsible use**

Responsible use means ensuring that animal health products are used **properly** and in accordance with the conditions of the product registration system to ensure effectiveness.

Veterinary medicines only reach the market place after they have been thoroughly tested and the efficacy, safety and quality of the products clearly demonstrated.

The animal health industry works with partners in the food chain to promote the responsible use of animal medicines. IFAH-Europe is a founding member of The **European Platform for the Responsible Use of Medicines in Animals (EPRUMA)**, together with [COPA/COGECA](#) (European farmers and co-operatives), [EISA](#) (European Initiative for Sustainable Development in Agriculture), [FEFAC](#) (feed manufacturers), FESASS (animal-health farmer organisations) and [FVE](#) (European veterinarians).

This platform was established in 2005 with the mission of promoting the responsible use of medicines in animals in the EU. The EPRUMA aims to facilitate and promote a co-ordinated and integrated approach, involving all stakeholders, to ensure best practice in the responsible use of medicines in disease prevention and control.

- **Supporting traceability**

Trading practices of products of animal origin have changed over the years and resulted, on the one hand, in cheaper and more varied food for the consumer, but on the other hand, consumers now ask for improved traceability of products between place of production and the consumer. The animal health industry is committed to a traceability tool to assist product identification from its production up to its use.

IFAH-Europe members have put a **product-identification system** in place allowing each product batch to be followed throughout the supply chain using an optical machine readable bar code. This is aimed to support the traceability of animal health products from production to application, using a uniform, single and simple system, applicable for all animal health products.

IFAH-Europe members have agreed on a two-dimensional bar code (Data matrix ECC 200), endorsed by EAN.UCC<sup>1</sup>. It carries information, including the product number, batch number and the expiry date.

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<sup>1</sup> EAN.UCC is the global language of business, a batch of standards designed to improve supply chain management.

## ■ Food safety and public health

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Healthy animals help to ensure a safe food supply. They also grow efficiently by making best use of the food they eat and produce good quality foodstuffs, such as meat, eggs and dairy products at affordable prices.

Sick or suffering animals not only cost more to feed and treat their disease or clinical condition, but the meat, milk or eggs they produce often cannot be sold. In more extreme cases, it may not even be safe to eat food from animals that are diseased, as there could be a risk that disease could be passed to people. Medicines are essential to effectively control these hazards and contribute to the health and welfare of animals.

Health schemes coordinated between public authorities and the veterinary profession, together with the development of good diagnostic tools and preventive measures, such as vaccination as well as medicines to treat diseases, represent a key element to guarantee that food from animals is safe from disease in terms of public health.

- **Controlled use of medicines**

Farmers and veterinarians play a crucial role in keeping records of every time a food-producing animal is treated with a medicine. Furthermore, the animals or their produce (meat, milk or eggs) may not enter the food chain until a specific period (withdrawal period<sup>1</sup>) following medication has passed. Codes of good practice and other guidelines are in place to ensure the responsible use of animal medicines. EPRUMA, the European Platform for the Responsible Use of Medicines in Animals is one of these initiatives.

## ■ Environment and sustainable development

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Animal health products help preserve the environment. They allow producers to use less land and water to achieve current production levels of meat, dairy products and eggs. For example, animal deaths of 20 percent would require 20 percent more animals to achieve the same production levels. The increased number of animals would mean more land needed for grazing, and feed production, more water, more manure requiring disposal, and more dead animal carcasses to dispose of. Animal health products enable producers to keep animals healthy and reduce the environmental impact of producing meat, milk and eggs.

- **Sustainable agriculture**

Sustainable agriculture is, in essence, about the production and supply of food in a manner that is economically viable, and environmentally responsible. It involves the reconciliation of such diverse goals as consumer safety, animal health and welfare, the supply of quality foodstuffs at affordable prices, the provision of fair returns for producers, and the protection of environmental resources.

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<sup>1</sup> The minimum time after a medicine is given that an animal can be slaughtered for human consumption or its produce enter the food chain.

The responsible use of technology is an integral part of sustainable agriculture, and the animal health industry plays a key role in this respect. Veterinary medicines are essential tools in the production of safe, quality foodstuffs, and are vital to the protection of animal health and well-being.

The animal health industry is committed to maximising the economic, social and environmental benefits offered by animal health products. Accordingly, it continues working towards the reduction of the environmental impact of farming by increasing efficiency, to reduce waste, to minimise excretion of micro-organisms by sick animals and to increase the necessary management tools for veterinarians and farmers.



## 4. Research and development in the animal health sector

Animal health is a science-based industry that creates value through innovation. Major investment tends to be in research and development to produce new chemical compounds and new formulations that deliver significant benefits to customers. Research has proven that innovation is seen by companies to be the most important driver of long-term competitiveness.

The mission of the animal health industry is to deliver and support effective, innovative, safe, and cost-effective animal health products that meet customers' needs. These products are based on appropriate scientific data to ensure quality standards and the health, welfare and performance of animals.

The major role of R&D is to bring a concept from molecule to the market with a focus on innovative ways of improving animal health and productivity. Through biotechnology, chemistry, clinical investigation, formulation development, and registration, R&D brings innovative solutions to problems that are important to customers and their animals.

### ■ Investment in R&D (2006)

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The animal health industry is an innovative and technologically driven sector. In Europe animal health companies spend over € 400 million on R&D each year. This is due to the fact that a number of international companies are located in European countries.

The R&D investment equals an average of 10% of turnover for Europe's animal health industry.

This means:

- +/- 12% of turnover for multinational companies in Europe;
- +/- 6% of turnover for small and medium-size enterprises (SMEs) in Europe.

35% of R&D budgets is spent by animal health companies in Europe on keeping existing products on the market (defensive R&D).

(Source: IFAH-Europe, 2007)

## ■ Time

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Time to develop a major new product and obtain a marketing license: **8 to 12 years**. The development time has increased by 6 year over the last 15 years.

(Source: IFAH-Europe, 2007)

## ■ Cost (2006)

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It costs a company **€ 50 million to 200 million** to develop a major new product. This means that the costs have increased by 157% in real terms over the last 15 years.

(Source: IFAH-Europe, 2007)

## ■ Employment

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Europe is one of the world's leading centres for the animal health industry. A number of the largest global animal health companies are based in Europe, and many US-based companies have established major R&D facilities in Europe.

Around **50,000 full-time jobs<sup>2</sup>** in Europe depend on the animal health industry.

+/- **15,000** directly in production, marketing, sales, administration and R&D;

+/- **19,000** indirectly as a consequence of the industry's purchases of goods and services, including contract R&D, logistics, capital equipment, and raw materials;

+/- **16,000** through its "multiplier effects" (each € of expenditure on goods and services by the direct employees of the industry creates an additional employment in other sectors, especially services.)

(Source: IFAH-Europe, 2007)

The animal health industry contributes to the livelihood of the European farming community, which amounts at 9 million jobs and represents 4.9% of the total employment of the EU.

(Source: Eurostat, agricultural statistics, 2008)

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<sup>2</sup> This estimate excludes the distribution of veterinary medicinal products and livestock farming.  
Facts and figures about the European animal health industry

## 5. Registration of animal health products

Before any new animal pharmaceutical product can be placed on the market, a stringent, scientific and independent review has to be carried out by the authorities to ensure it is safe, of high quality and efficacious. Only after this review has been carried out may a product be granted a marketing authorisation. This detailed, in-depth process is known as “registration”.

The EU registration process ensures that only those products of a defined standard, which have been thoroughly tested and carefully reviewed by independent experts, reach the marketplace.

The basis of the review is the data-file, or “dossier,” which is submitted by the applicant company to the registration authorities. It contains the results of all the studies carried out to assess and demonstrate the safety, quality and efficacy of the product.

### ■ How registration has evolved

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The registration process has its origins in the 1965 EC Medicines Directive, which laid down the criteria of safety, quality and efficacy. In 1981 two EC Directives were published with the intention of improving and harmonising the registration process for medicinal products within the European Union. These were later extended to include vaccines and homeopathic medicines.

In the 1990’s, controls were further harmonised with the introduction of legislation covering residues in food, a centralised registration procedure and the rules for good manufacturing practice.

In 2004, the legislation was amended to increase the efficiency of the procedures, particularly taking into account the 10 new Member States that joined the EU on 1 May 2004, and would therefore have to apply the legislation.

### ■ Investing in safety, efficacy and quality

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The vast range of specific requirements inherent to the animal health sector (large number of different species, different diseases, difficult to administer treatments, etc.) requires a highly significant research effort. Research and development are time- and cost-intensive. The requirements of safety, quality and efficacy demand complex and exhaustive scientific programs to provide all the necessary data for regulatory approval. Registration itself can take up to three years.

## ■ Study results: The dossier

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The dossier or data file contains all the information needed to assess a product's safety, quality and efficacy and is set out in a standard format. The manufacturer applying for registration of a new product submits this dossier to the registration authority.

The experts and reviewing committee of the authority then carry out a scientific assessment of the dossier. Frequently more data, requiring additional studies, may be requested, extending the total product development time. The manufacturer can elect to appear before the veterinary products committee to present new information in support of its application. The dossiers are voluminous, and may contain between 5,000 and 10,000 pages for a medicine in a single country for a specific species and treatment. For a registration of a medicine in several countries, the dossier may contain up to 500,000 pages.

## ■ Scientific assessment by independent experts

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Committees composed of experts carry out official assessment of all data submitted in the dossiers. Their knowledge and experience allow them to make objective judgments based on data submitted by manufacturers in support of new products. A pool of other scientists, who give advice on complex scientific matters, can be asked to assist these experts.

It is the responsibility of the regulatory authority to assess the safety, quality and efficacy of a new product, and to approve, ask questions, or recommend rejection if an investigation is inadequate. Under the amended EU legislation published in April 2004, marketing authorisations are initially valid for a 5-year period. After this, the company can apply for a renewal. The decision to authorise renewal is mainly based on an expert report on the pharmacovigilance record of the product at the time of renewal. Thereafter a marketing authorisation does not have to be renewed again, although the authorities can review its safety and benefits profile at any time.

## ■ Registration process

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Until November 2005, three registration procedures for veterinary use were available within the EU:

- National procedure, to obtain a single license in just one Member State;
- Mutual recognition procedure, to obtain licenses in several Member States;
- Centralised procedure, to obtain a single pan-European license.

After November 2005 the decentralised procedure has been added to complement the mutual recognition procedure.

The choice of procedure is partly restricted. Where allowed, companies may register a product in just one Member State or a selected group of Member States, to deal with localised diseases or species.

The centralised procedure is compulsory for medicinal products derived from biotechnology as well as for livestock performance enhancers. It is also available at the request of a company for other innovative products. Under this procedure the dossier is submitted directly to the European Medicines Agency (EMA), which, established in 1993, is the registering body.

Further information:

- IFAH-Europe Leaflet: 'The Marketing Authorisation Process for Veterinary Medicinal Products in Europe' (May2005)

[http://www.ifahsec.org/Europe/Publications/IFAH\\_RegLeaflet\\_v8-Final.pdf](http://www.ifahsec.org/Europe/Publications/IFAH_RegLeaflet_v8-Final.pdf)

- IFAH- Europe Dossier: The Marketing Authorisation Process for Veterinary Medicinal Products in Europe (September 2005)

<http://www.ifahsec.org/Europe/Publications/IFAH-Europe-MarketAuth-brochure.pdf>

## 6. The animal health market

### ■ Sales (2007)

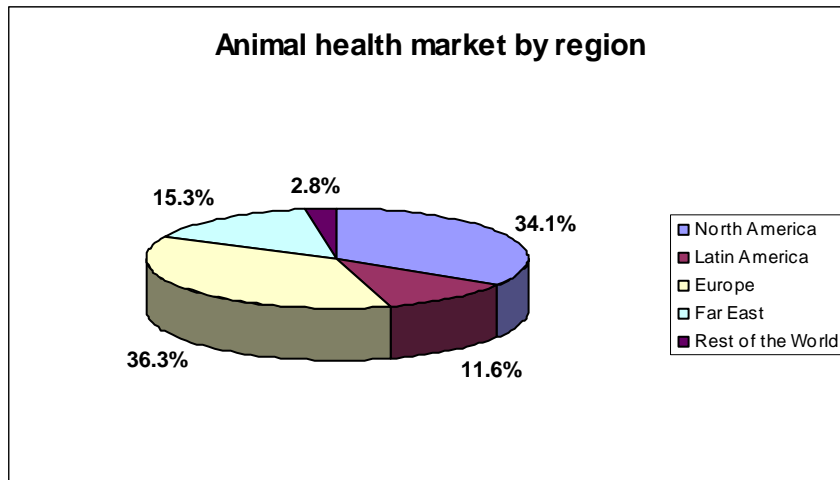
Total European<sup>1</sup> sales amounted to €4,156.452.305<sup>2</sup>. This represents 36.3% of the global market<sup>3</sup> in 2007.

Animal health products	Subtotals	Total values	%
Vaccines		€974,395,499	23.44
Antimicrobials			
○ Injectable forms:	€458,814,038	€875,582,521	21.07
○ Oral forms:	€416,768,483		
Parasiticides			
○ Endoparasiticides	€392,346,644		
○ Ectoparasiticides (ears excluded)	€639,232,762,		
○ Endectocides:	€139,814,440	€1,171,393,846	28.18
Topical products (skin ecto excluded)		€297,704,808	7.20
Other products		€837,375,631	20.70
<b>Total</b>		<b>€4,156,452,305</b>	<b>100</b>

<sup>1</sup> Europe includes AT, BE, CH, CZ, DE, DK, ES, FR, GB, GR, HU, IRL, IT, NL, PL, PT and SK.

<sup>2</sup> Source: CEESA survey of sales statistics (2007 data), comprising 14 IFAH-Europe and CEESA member companies. 20% added for non-participating companies.

<sup>3</sup> Source: Vetnosis Ltd.



Further information:

IFAH annual report: [http://www.ifahsec.org/media\\_room/IFAH\\_annual\\_report\\_2007\\_final.pdf](http://www.ifahsec.org/media_room/IFAH_annual_report_2007_final.pdf)

IFAH-Europe annual report:

[http://www.ifahsec.org/europe/publications/20080530\\_IFAH\\_Europe\\_FINAL.pdf](http://www.ifahsec.org/europe/publications/20080530_IFAH_Europe_FINAL.pdf)

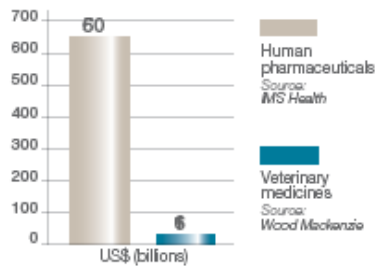
## ■ Comparison with the human pharmaceutical sector

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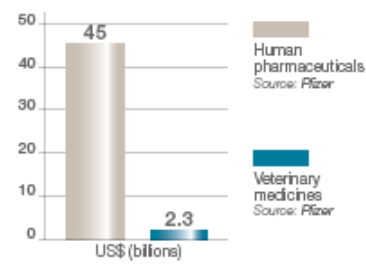
The veterinary and the human pharmaceutical sectors are related but substantially different. Comparisons between the human and the veterinary pharmaceutical industries at global level illustrate disparities on a huge scale:

- the global market for human pharmaceuticals is worth 40-times more than its veterinary equivalent;
- sales generated by the world's leading human pharmaceutical company are 20-times higher than those of the biggest veterinary products business;
- There is a 30-fold difference between the research spending capacity of the market leaders in the two sectors;
- The top-ranked human pharmaceutical company employs more research scientists than the world's 20 leading health businesses together.

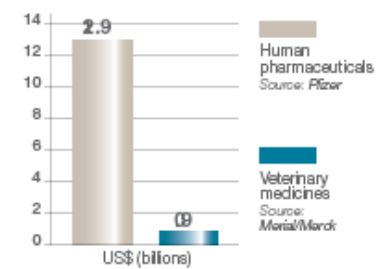
Global market value



Global sales of leading company



Global sales of leading brand



Source: IFAH booklet "Promoting a positive environment for veterinary medicines", [http://www.ifahsec.org/files/2008/mediaroom/0208/RegulatoryBrochure\\_pages\\_LRes.pdf](http://www.ifahsec.org/files/2008/mediaroom/0208/RegulatoryBrochure_pages_LRes.pdf)

However, there is a growing tendency to impose regulatory rules developed for human pharmaceuticals on veterinary medicines without proper consideration of either

- The very different requirements of human and animal medicines and the conditions under which they are used;
- The contrast between the resources available to the two industries and the financial implications of regulatory requirements on individual sectors.



## 7. Economic impact of animal health

The animal health industry contributes to the socio-economic benefit of society by providing over 50,000 full-time jobs in Europe, most of them highly skilled, and by supporting the productivity of the farming sector as well as the health and welfare of animals and people (See more on page 17).

Animal health products contribute to the livelihood of the European farming community, which amounts at 9 million jobs and represents 4.9% of the total employment of the EU.

(Source: Eurostat, Agricultural statistics, 1995-2005, 2007)

This section provides concrete examples of the negative economic impact of animal diseases in Europe through the last decade.

### ■ Economic and social effects

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The consequences of animal diseases on food-producing animals can be complex and generally go well beyond the immediate effects on affected producers. These diseases have numerous impacts, including:

- productivity losses for the livestock sector (e.g. production losses, cost of treatment, market disturbances)
- loss of income from activities using animal resources (in such sectors as agriculture; energy; transportation; tourism)
- Loss of well-being of human beings (morbidity and even mortality rates; food safety and quality)
- prevention or control costs (production costs; public expenditure)
- suboptimal use of production potential (animal species, genetics, livestock practices)

These economic and social effects comprise: “direct,” “ripple” (impact on the industry’s upstream and downstream activities), “spillover” (impact on other sectors), “long-term” and “remote.”

(Source: The World Bank, “Economic and social consequences of animal diseases”, June 12, 2006).

## Example

A concrete example of the economic impact of three diseases is given below in a summary tab.

**Classical Swine Fever** in the Netherlands (1997-1998) has generated total costs and losses of 2.1 billion euros and a cost of 650 million euros to the EU (market measures).

**Foot and Mouth Disease** in the United Kingdom in 2001 has cost 12 billion euros to the country and 565 million euros to the EU.

**Avian Influenza** in the Netherlands in 2003 created costs and losses of around € 510 million for the country and has generated a total cost of € 80 million to the EU.

	Classical Swine Fever	Foot and Mouth Disease	Avian Influenza
Country	Netherlands	United Kingdom	Netherlands
Period	1997-98	2001	2003
Duration	16 months	11 months	6 months
Infected farms	429	2030	241
Animals slaughtered (in million animals)	<ul style="list-style-type: none"> <li>❖ On infected farms: 0.7</li> <li>❖ Pre-emptive slaughter: 1.13</li> <li>❖ Welfare slaughter: 9.2</li> </ul>	<ul style="list-style-type: none"> <li>❖ On infected farms: 1.28</li> <li>❖ Pre-emptive slaughter: 2.79</li> <li>❖ Welfare slaughter: 2.05</li> </ul>	<ul style="list-style-type: none"> <li>❖ 30.7 (poultry, including turkeys)</li> <li>Pets, non commercial birds in 18000 farms</li> </ul>
Human case	<i>Not applicable</i>	<i>Not applicable</i>	<ul style="list-style-type: none"> <li>❖ 83 cases (conjunctivitis, influenza like syndrome)</li> <li>❖ 1 veterinarian died</li> </ul>
Total costs and losses	€ 2.1 billion	€ 12 billion	€ 510 million
Cost to the EU	€ 650 million (mainly market measures)	€ 565 million	€ 80 million

(Source: IFAH-Europe Conference 2005, Presentation "Building Europe Knowledge" by Dr. Christian Paternmann, Director Biotechnology, Agriculture and Food Research, European Commission, DG Research)

## 8. Agricultural markets and their future

Animal health products help the sustainable development of the market for animal produce by ensuring the health and good growth of food-producing animals.

The medium-term perspectives for **animal produce** are relatively positive for poultry, pig meat and the dairy markets, while beef production is expected to continue to decline, according to the European Commission Directorate General for Agriculture.

Total per-capita meat consumption showed a fast recovery following the 2006 market disruption due to avian influenza and is projected to increase further over the medium term by 3.2% altogether by 2014.

Source: European Commission, DG Agriculture and Rural Development, "Prospects for agricultural markets and income 2007-2014".

### ■ Meat

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**Beef production** is expected to continue to decline to the level of 7.6 million tonnes (mio t) by 2014 in line with the structural reduction of the dairy herd and the impact of decoupling. As consumption would exhibit a more modest decline through the medium term, imports are expected to increase in order to fill the gap and reach 743,000 t by 2014.

EU-27 **pig meat production** is estimated to have increased to 22.14 mio t (+1.3%) in 2007, being at the peak of the pig cycle. Pig meat production and consumption are expected to increase over the medium term, though at a slower pace than in the past decade due to the competition of poultry meat and higher feed prices. Extra-EU exports would face increasing competition from low-cost producing countries, but EU intra-trade is expected to continue expanding over the forecast period.

Despite the low production levels of the first semester, EU-27 production of **poultry meat** recovered partially from the impact of Avian Influenza and is estimated to have reached 11.5 mio t (+2.4%) in 2007. Limited first semester production, accompanied by increasing feed prices resulted in record high broiler prices over 2007.

The medium-term outlook for the poultry sector remains relatively positive as competitive prices with respect to other meats, strong consumer preference and increased use in food preparations should continue to play in favour of poultry. As EU exports are foreseen to exhibit a continued decline, the EU-27 is soon to become a net exporter of poultry meat.

EU production in 2007 reflected the long-term trend of decreasing **sheep** herd combined with the effects of recent decoupling of ewe premiums, leading to a decrease of 1.1% (to 1.095 mio t). The medium-term projections foresee a gradual decline in sheep and goat meat production, in line with past long-term trends and the continued impact of decoupling of ewe premiums in the major producing countries.

The medium-term perspectives for the **meat markets** would exhibit higher production, consumption and trade, generated by a favorable macro-economic environment of sustained

economic growth and growing global incomes, population growth and changes in dietary pattern in most developing regions.<sup>2</sup>

## ■ Eggs and dairy products

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The prospects for EU **egg production** appear moderately positive. Overall production would stay fairly stable over the projection period mainly due to subsistence production. Production in the EU-27 would reach 7 mio t in 2009 and remain stable over the medium term. Consumption would see a slight increase from 6.8 to 7 mio t over the projection period. Exports would increase to 0.2 mio t in the short term and then decline over the medium term.

EU **milk production** delivered to dairies is foreseen to expand over the medium term at a modest rate in line with the increase in production quotas granted to eleven member states of the EU-15 and driven by a steady decrease in subsistence production in the EU-12. The recent milk and dairy market developments observed over the past two years have a profound impact on the current medium-term perspectives for milk supply and dairy commodity markets, as they indicate that a few Member States are unlikely to increase production and fulfill their respective quotas, despite positive price incentives.

The EU **cheese** sector is expected to expand further over the medium term by 8% altogether until 2014 supported by a continued strong increase in the EU-12 markets. The projected increase would constrain the expansion of the production of bulk dairy products: the additional 743 000 t of cheese that are expected to be produced during the period 2007-2014 (representing roughly 4.1 mio t of milk) would outweigh the projected increase in milk delivered (+2.8 mio t) over the same period, reducing the amount of milk available for the production of bulk dairy products like butter and skimmed milk powder (SMP).

EU **butter and SMP** production is foreseen to fall by 2014, with declining exports and empty intervention stocks.

## 9. Companion animals: Population and trends

According to the European Pet Food Association (FEDIAF), there are 60 million cats, 27 million dogs and 35 million cage birds in Europe. The total number of households with pets in Europe is 62 million.

In the EU alone, more than 13,000 assistance dogs help blind and deaf people as well as other handicapped persons in their daily life.

### ■ Companion animal health market

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In 2007 the world market for **companion animal health products** amounted to approximately 41.7 % of the total world animal health market<sup>1</sup>. The total petcare industry in Europe is worth US\$5.3 billion<sup>1</sup>.

The market for these products has grown by around 2.5% per annum in nominal terms since 1992. This reflects increased affluence amongst companion animal owners and the success of animal health companies in developing innovative products to meet customer needs.

### ■ Animals and their positive influence on human health

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Numerous studies have shown that companion animals have a positive effect on people. For example:

- Therapy horses are used to help treat people with mental and physical disabilities;
- Studies show that pet owners are healthier than those who do not own a pet, they have fewer minor problems (Friedmann 1990, Serpel 1990);
- Benefits include among others quicker recovery after heart surgery and positive effects on quality of life in nursing homes, hospitals, prisons and day care centres (Dr. Erhard Olbrich, Professor of psychology);
- Pet owners tend to be less susceptible to conditions such as depression (Bolin 1987), hypertension and heart attacks. They also recover more quickly from illness;
- Dog owners take regular exercise by walking their pets;
- For people living alone, ownership of a dependent animal offers a focus of interest and commitment, which is quite separate from personal preoccupations. Companion animals demand care and attention - and respond with affection;
- Positive self-esteem of children is enhanced by owning a pet.

(Source: IFAH-Europe, PAWSitive InterAction, FECAVA and Petsineurope)

The strong growth of the companion animal market sector can be attributed to the introduction of new technologies; lower costs of products; improved time to market for companion animal compared with food animal products and the industry's investment in the

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<sup>1</sup> Source: Vetnosis Ltd.

<sup>1</sup> Source: FECAVA - Federation of European Companion Animal Veterinary Associations  
Facts and figures about the European animal health industry

awareness of pet owners. Although the pet population has increased marginally, the key driver for growth has been the willingness of pet owners to spend more on the health of their animals and the ability of veterinarians to meet that need.

Unlike food animals, which never reach old age and have a finite and fluctuating economic value, companion animals are living longer, and more degenerative geriatric diseases are being diagnosed, mirroring the trends in human health care. The opportunity to provide long-term care for ageing pets is an attractive one. The human-pet bond has a high economic ceiling, and both veterinarians and the animal health industry have recognised the potential of this market segment.

Further information:

- Presentation "The role of animal medicines for animal health and welfare", Dr Johan van Tilburg, DVM, FECAVA [http://www.ifaheurope.org/events/Animal\\_health/PresentvanTilburg.ppt](http://www.ifaheurope.org/events/Animal_health/PresentvanTilburg.ppt)

- Presentation "Newest trends in development of medicines for companion animals", Margaret Fairhurst, IFAH-Europe/Bayer Healthcare  
[http://www.ifaheurope.org/events/Animal\\_health/PresentFairhurst.ppt](http://www.ifaheurope.org/events/Animal_health/PresentFairhurst.ppt)

## 10. Acronyms

CEESA	European Animal Health Study Centre
COPA/COGECA	European Farmers and Agri-Cooperatives
EAN.UCC	The global language of business, a batch of standards designed to improve the supply chain management
EISA	European Initiative for Sustainable Development in Agriculture)
EMA	European Medicines Agency
EPRUMA	European Platform for the Responsible Use of Medicines in Animals
FECAVA	Federation of European Companion Animal Veterinary Associations
FEDIAF	European Pet Food Association
FEFAC	European Feed Manufacturers' Federation
FESASS	European Federation for Animal Health and Sanitary Safety
FVE	Federation of Veterinarians of Europe
Mio t	Million tonnes
R&D	Research and development
SME	Small- and medium-sized enterprise
SMP	Skimmed milk powder

## 11. Further reading

IFAH-Europe dossier 01: The marketing authorisation process for veterinary medicinal products in Europe

(<http://www.ifahsec.org/Europe/Publications/IFAH-Europe-MarketAuth-brochure.pdf>)

See also leaflet version ([http://www.ifahsec.org/Europe/Publications/IFAH\\_RegLeaflet\\_v8-Final.pdf](http://www.ifahsec.org/Europe/Publications/IFAH_RegLeaflet_v8-Final.pdf))

IFAH-Europe annual report 2007

([http://www.ifaheurope.org/publications/20080530\\_IFAH\\_Europe\\_FINAL.pdf](http://www.ifaheurope.org/publications/20080530_IFAH_Europe_FINAL.pdf))

IFAH annual report 2007

([http://www.ifahsec.org/media\\_room/IFAH\\_annual\\_report\\_2007\\_final.pdf](http://www.ifahsec.org/media_room/IFAH_annual_report_2007_final.pdf))

IFAH booklet: Promoting a positive environment for veterinary medicines, the case for separate regulation for the animal medicine sector (February 2008)

([http://www.ifahsec.org/files/2008/mediaroom/0208/RegulatoryBrochure\\_pages\\_LRes.pdf](http://www.ifahsec.org/files/2008/mediaroom/0208/RegulatoryBrochure_pages_LRes.pdf))

EPRUMA booklet: Best-practice framework for the use of antimicrobials in food-producing animals in the EU (2008)

(<http://www.ifahsec.org/Europe/Epruma.pdf>)

FECAVA Presentation: "The role of animal medicines for animal health and welfare", Dr Johan Van Tilburg, DVM (2008)

([http://www.ifaheurope.org/events/Animal\\_health/PresentvanTilburg.ppt](http://www.ifaheurope.org/events/Animal_health/PresentvanTilburg.ppt))

Presentation "Newest trends in development of medicines for companion animals", Margaret Fairhurst, IFAH-Europe/Bayer Healthcare (2008)

([http://www.ifaheurope.org/events/Animal\\_health/PresentFairhurst.ppt](http://www.ifaheurope.org/events/Animal_health/PresentFairhurst.ppt))

European Commission, DG "Agriculture and Rural Development": Prospects for agricultural markets and income 2007-2014.

(<http://ec.europa.eu/agriculture/publi/caprep/prospects2007b/fullrep.pdf>)

Eurostat, "Agricultural statistics, main results 2006-2007" (2008)

[http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-ED-08-001/EN/KS-ED-08-001-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-ED-08-001/EN/KS-ED-08-001-EN.PDF)

The World Bank, "Economic and social consequences of animal diseases" (2006)

([News & Broadcast - Economic and Social Consequences of Animal Diseases](#))



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