

Explanatory Memorandum to the Free-Range Poultrymeat 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

Cabinet Secretary's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Free-Range Poultrymeat 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

30 September 2025

PART 1

1. Description

- 1.1 This statutory instrument amends existing free-range poultrymeat marketing standards to enable free-range poultrymeat 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 5 to Commission Regulation (EC) No 543/2008, where measures are adopted requiring access of hens to open-air runs to be restricted in order to protect public or animal health, poultrymeat may continue to be marketed as 'free range' for a maximum continuous period of no more than 12 weeks.
 - This instrument will remove the current timings applicable to the derogation period to allow poultry 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 1 to Schedule 1 of the 2023 Act lists poultrymeat 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 poultrymeat to be marketed as such when mandatory housing measures are imposed, regardless of the duration birds are restricted from accessing open-air runs.

4.2 Past outbreaks of Avian Influenza (AI) have resulted in mandatory housing measures for free-range poultry that exceeded the maximum 12-week derogation period during the winters of 2021–22 (22 weeks) and 2022–23 (19 weeks) in Wales. After these periods, free-range poultrymeat could no longer be marketed as such and had to be labelled as barn-reared. This instrument will ensure free-range poultry producers are not penalised for complying with mandatory housing measures implemented under the Chief Veterinary Officer’s guidance to safeguard bird welfare and public health.

4.3 The United Kingdom (UK) is estimated to be around 60-75%¹ self-sufficient in poultrymeat production. In Wales, free-range production is dominant, with approximately 90.7%² of egg producers operating under free-range standards, and a similarly high proportion likely among poultrymeat producers. Wales contributes significantly to UK-wide free-range poultrymeat production, with Welsh businesses operating seamlessly across borders. A high volume of Welsh poultrymeat is sent to processing facilities in England, reflecting strong interregional trade.

4.4 The European Union (EU) remains the primary supplier of imported poultrymeat to the UK, with significant volumes entering via Northern Ireland. Approximately 80%³ of UK poultrymeat exports are sent to the EU, although this figure has declined since Brexit due to increased trade barriers. In May 2025, the UK and EU agreed to a veterinary (SPS) equivalency arrangement, enabling smoother trade by recognising each

¹ [United Kingdom Food Security Report: Food Supply Sources 2024](#)

² [F&D Wales - Overview of Welsh Sub Sectors - Brookdale Report \(2022\)](#)

³ [DEFRA Agriculture in the United Kingdom 2024 \(Calculation – Exports to EU \(1,669\) divided by Total UK exports \(2,127\) X 100 = 78.5% rounded\)](#)

other's food safety and animal health standards. This decision reflects the continued close alignment of legislation between both parties.

- 4.5 The EU, and by extension Northern Ireland (in accordance with the Windsor Framework), revised marketing standards legislation for poultrymeat in 2023. In the event of mandatory housing measures, poultrymeat can be sold as free-range regardless of how long birds have been housed, removing the 12-week time limit. Defra laid the amendment to the regulations on 1 July 2025 for England to remove the 12-week derogation period on free-range poultrymeat. The Scottish Government are working toward a similar timeline and aim to lay soon.
- 4.6 Should Welsh policy be inconsistent with the rest of the UK and EU, this would add complexity and cost to operations, potentially triggering higher prices and shortages. This would impact consumers and affect the profitability and viability of Welsh businesses that invest in free-range production.
- 4.7 This instrument ensures Wales can achieve parity with the rest of the UK and EU. Without alignment, Wales would remain the only UK nation required to change labelling if the derogation period's time limit were exceeded, placing Welsh producers at a competitive disadvantage.
- 4.8 The likelihood of an AI outbreak increases during colder weather. During the autumn–winter 2024–25 season, multiple cases of Highly Pathogenic Avian Influenza (HPAI) have been confirmed, with disease control activities and surveillance zones declared in England since November 2024, and more recently in Angus, Scotland, in January 2025. While there have been no outbreaks in Wales so far this season, if mandatory housing measures were introduced, the current derogation period would allow free-range poultrymeat to be marketed for 12 weeks without changes to labels or packaging. Any delay in bringing this instrument into force would negatively affect businesses—particularly as England's changes, set to take effect in December 2025, would create discrepancies between nations and disrupt the interconnected supply chain.
- 4.9 Additionally, if the statutory instrument were not implemented within the planned timeframe and an AI outbreak occurred resulting in housing measures exceeding the 12-week derogation period, Welsh poultrymeat raised as free-range would need to be downgraded to barn status. It was raised during consultation that English processors may reject Welsh poultrymeat to avoid the complexity of relabelling and repackaging. This would have significant financial consequences for Welsh businesses and reputational implications for Welsh Government.

5. Stakeholder Engagement

A formal consultation was carried out to seek views on the proposal to remove the 12-week derogation period. A consumer survey was issued to explore the most effective way to keep consumers informed when mandatory housing measures are in place.

5.1 Formal Consultation

Given the urgency of these changes, a consultation was held over a shortened 6-week period from 29 July to 9 September 2024. This allowed time for the regulations to come into force should an AI outbreak occur in late 2024 or early 2025, triggering mandatory housing measures.

The consultation sought views on proposed amendments to the law, anticipating impacts on poultrymeat producers, processors, retailers, importers, exporters, consumers, and organisations with an interest in the poultrymeat industry. It was publicised across various platforms, and industry stakeholders were invited to contribute.

Forty responses were received, mostly from the poultrymeat and egg industry: producers, processors, retailers, importers, exporters, and sector trade bodies. The proposed change received strong support, with 89% of respondents supporting the removal of the 12-week time limit on the derogation period in Wales for free-range poultrymeat. Additionally, 94% agreed that Welsh policy should be consistent with that of other UK nations. A quarter of respondents expressed concern that consumers might be confused by the changes to free-range labelling. Suggestions to mitigate this included providing additional signage at the point of sale. Several respondents highlighted the intricate and interconnected nature of the UK poultrymeat supply chain and the potential consequences of misalignment on operations and consumers.

Consultation documents and a summary of responses are available at: [Free range egg and poultry meat marketing standards consultation: summary of responses](#)

5.2 Consumer Survey

A survey was commissioned through the Beaufort Omnibus Wales Survey to assess the impact of proposed changes to free-range poultrymeat labelling on Welsh consumers, exploring levels of support, concern, or indifference.

Conducted between 3–23 June 2024, the survey was representative of the adult population in Wales aged 16 and over. Of the 1,000 interviews

conducted, 75% supported the idea of free-range hens and other poultry being kept indoors during bird flu outbreaks. After being informed that poultrymeat from these birds could still be sold as free-range for a period without relabelling or repackaging, 60% found this acceptable. Nearly half (49%) supported introducing the same policy in Wales as in the rest of the UK and EU, while 27% did not, and 23% were unsure.

Further detail is provided in the Regulatory Impact Assessment in Section 2.

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

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 poultrymeat to be marketed as such when mandatory housing measures are imposed.
- 6.2 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.
- 6.3 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 free-range poultrymeat 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 free-range poultrymeat marketing standard regulations contained in Retained EU Legislation (REUL), free-range poultrymeat may continue to be marketed as such during a 12-week derogation period. Beyond this, they must be reclassified and sold as standard poultry. In the past two outbreaks, the 12-week derogation period was exceeded and as a result, poultrymeat was required to be labelled as standard poultry for six weeks during the 2020-21 outbreak and three weeks during the 2022-23 outbreak.

The European Union has already changed its poultrymeat marketing standards to enable their free-range poultrymeat to be sold as 'free-range' regardless of how long birds are under mandatory housing restrictions, extending to Northern Ireland (NI) under the Windsor Framework. Fundamentally, this could put Welsh poultrymeat producers at a competitive disadvantage if their free-range poultrymeat is required to be labelled as standard poultrymeat if the derogation period is exceeded. Particularly with free-range poultrymeat 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 poultrymeat 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 poultrymeat incur a premium price due to the higher welfare standards. During mandatory housing measures, producers not only bear the additional cost of maintaining poultrymeat systems while ensuring the birds are kept indoors but also lose their free-range poultrymeat premium when required to relabel their poultrymeat as standard poultry.

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

8 Options

Option 1 – Do Nothing. Concerns have been expressed that any policy change might face opposition from consumers or generate significant public concern. A key issue was the potential for consumer misunderstanding if limits on housing orders were removed. Specifically, there was a risk that poultrymeat marketed as "free-range" could mislead consumers during periods when birds are required to be kept indoors. However, it is important to note that many broiler chickens (raised for meat) are typically slaughtered before 12 weeks of age—often between 5 and 7 weeks in intensive production systems. As a result, even during a housing order, these birds may never access the outdoors yet can still be legally labelled as "free-range" under the current derogation.

Consumer views were gathered through the survey and consultation process mentioned above. The analysis of responses provided sufficient evidence of support for the proposed changes, with the majority of consumers expressing no concerns. Should the current policy be continued, then following risks have been identified:

- **Disruption to the industry** – Welsh businesses currently operate seamlessly with the rest of the UK with a high volume of poultry trade across the borders. If Welsh policy were to be inconsistent with rest of the UK and EU this could add additional complexity and cost to operations. Comments from the industry stress the disruption in the supply chain and trigger higher costs and shortages. There would be

a significant impact on consumers as well as on profitability and viability for Welsh businesses who invest in free range production.

- **Criticism from industry** – the poultry industry bodies are unanimous in their support for change. Should current policy continue in Wales alone, the Welsh Government could face reputational damage if appearing to act in contravention to recommendations received from industry representatives in Wales.
- **Poultrymeat Marketing in Wales** – We would be unable to control any divergence in marketing regulations when poultrymeat from England enters the food chain in Wales. The chickens placed under housing orders in England would continue to be marketed as free range, in contrast to Welsh poultry, despite the same production standards, and would be relabelled or repackaged where an order would remain in force.
- **Avian Influenza Outbreaks** – There is an indication that the virus may evolve to infect more species of birds and adapt to environmental conditions meaning that it could cause infections in poultry industry earlier and for longer than expected. Current marketing regulations may not meet the growing needs of the Welsh poultry industry, who may be the only UK nation requiring to respond to the marketing changes if the time limit on the derogation period is exceeded.

Option 2 (Preferred option) - It is advised that a consistent approach is taken with planned changes to regulations in England and Scotland, and those pertaining to the EU. Evidence received from the consultation responses and consumer survey indicated that there is insufficient evidence to recommend Wales should adopt a different approach. The risks listed in **Option one** would be mitigated by adopting a consistent approach with the EU and the rest of the UK. This co-ordinated approach would enable Welsh producers to continue operating on a level playing field commercially. Marketing regulations would also align with the Avian Disease Control strategy and address producer confidence when mandatory housing measures under instruction of the Chief Veterinarian are put in place.

To address any concerns that the proposed changes could misinform consumers, Welsh Government officials will continue to work with Defra, retailers, and industry to encourage a consistent messaging during an AI outbreak and inform consumers of any changes. As already mentioned, many broiler chickens are slaughtered before 12 weeks of age, remain indoors and still be legally labelled as "free-range" under the derogation.

This approach would be consistent of that taken on the removal of the 16-week derogation period, amendment to legislation 589/2008, on eggs in Wales in February 2025.

Option 3 – to Introduce changes to legislation 543/2008 for Poultrymeat to extend the derogation period. It is possible to provide for a longer derogation period based, for example 16 weeks or 18 weeks or longer.

However, the trend of avian flu outbreaks suggests any longer period, other than one significantly greater than currently provided for, would still run risk of needing a longer duration to accommodate the lifespan of housing orders made earlier in the year and for longer periods. Significantly, such a policy, would mean Wales remained out of step with other territories. That is the crux of the issue for the industry – there would remain a risk that Welsh businesses would be disadvantaged in the marketplace. We do not think this policy offers advantages and, therefore, this option has not been taken forward for further analysis.

9 Costs and benefits

This section will examine the costs and benefits associated with the implementation of this SI, being the removal of the 12-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 impacts.

9.1 Costs

Key potential costs arising from abolishing the 12-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 poultrymeat that are labelled as free-range poultrymeat, knowing they have been kept indoors during mandatory housing measures. The regulatory change may also impact consumer confidence in the domestic poultrymeat brand, which could have significant implications for the Welsh poultrymeat industry. While exact figures for free-range poultrymeat producers are not published, Wales has a strong reputation for high-welfare production. In 2024, the value of poultrymeat output from Wales was approximately £55 million⁴, compared to a total UK poultrymeat output value of £3.54 billion⁵. Any divergence in labelling standards could undermine the market position of Welsh producers and disrupt consumer trust.

The Consumer Survey identified strong preferences among Welsh consumers for purchasing free-range poultrymeat. When asked about frequency, 29% said they “always” choose free-range poultrymeat, and

⁴ [Welsh Government Aggregate Agricultural Output and Income 2024](#)

⁵ [DEFRA Agriculture in the United Kingdom 2024, Chapter 8: Livestock](#)

25% said they “often” do. Among these consumers, 78% reported purchasing free-range poultrymeat from supermarkets. Regarding labelling, 24% of respondents said it was not acceptable for poultrymeat to continue being labelled and sold as free-range without any relabelling or repackaging if birds had been housed for an extended period. When asked whether the proposed regulatory change would affect their purchasing behaviour, 27% said it would, and of those, 62% indicated they would buy free-range poultrymeat 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, poultrymeat from birds temporarily housed indoors can still be labelled as “free-range poultrymeat” until the diseases risk subsides.

9.2.2 Monetised Costs

Assuming supermarkets continue to manage poultrymeat 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 cost 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.

Table 1. Costs – Financial costs to businesses

	2025
Familiarisation Costs	£37,400

9.3 Benefits

The instrument aims to remove the 12-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 12-week derogation period will be used as the baseline to assess the benefits of the proposed changes under (Option 3) “Abolish the 12-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, poultrymeat labelled as free-range must be relabelled as standard poultrymeat once the 12-week derogation period for mandatory housing measures is exceeded, as set out in Regulation 543/2008⁶. Historically, producers were required to “over-sticker” packaging to remove the free-range designation. However, in recent years, many businesses have adopted inkjet printing directly onto packaging to apply “Standard Poultrymeat,” reducing operational costs. This method has been used under exceptional circumstances, but over-stickering remains a regulatory requirement where direct printing is not feasible or permitted.

The cost of over-stickering poultrymeat packs in Wales for 2026 is estimated at £27,600. This is based on:

- An estimated 21.2 million⁷ poultrymeat packs sold annually in Wales.
- Historical data showing the 12-week derogation period was exceeded by an average of 4.5 weeks per year, affecting 8.7% of annual production⁸.
- This results in approximately 1.84 million packs requiring over-stickering. Industry estimates the cost of applying a sticker at 1.5p per pack⁹.
- The calculation: 1,844,400 packs × £0.015 = £27,666, rounded to £27,600.

These figures support the case for regulatory alignment to avoid unnecessary relabelling costs and maintain consistency across the UK poultrymeat supply chain.

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

	2025	2026	2027	2028	2029
Over-Stickering Cost	£27,600	£27,600	£27,600	£27,600	£27,600

⁶ [Commission Regulation \(EC\) No 543/2008 of 16 June 2008 laying down detailed rules for the application of Council Regulation \(EC\) No 1234/2007 as regards the marketing standards for poultrymeat](#)

⁷ [DEFRA United Kingdom Poultry and poultry meat statistics 2025](#)

⁸ [Welsh Government Free range Egg and Poultrymeat Marketing Standards Consultation 2024](#)

⁹ [DEFRA United Kingdom Poultry meat marketing standards 2024](#)

Despite a projected increase in poultrymeat consumption due to population growth, the number of affected packs requiring relabelling is expected to decline annually. This is driven by: Consumer behaviour shifts, with some Welsh consumers choosing to buy poultrymeat less frequently during housing periods, particularly when labelled as “standard poultrymeat.” The anticipated introduction of an Avian Influenza vaccine, expected to have transitional effects by 2028–2029, reducing the need for prolonged housing and relabelling. Although the monetary impact of these influences is difficult to quantify, it is assumed to be minimal within the 5-year appraisal period, and therefore a flat cost-saving value has been applied across all years.

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 poultrymeat to standard poultry. While these losses are costs avoided under this option, 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 poultrymeat as standard poultrymeat to non-EU countries. Or production costs remaining unchanged despite poultrymeat being labelled as standard poultry, as producers continue to incur the expenses of maintaining poultrymeat systems during mandatory housing measures.

Additionally, when exemptions from Ministers to ink jet print were not granted, businesses have sourced poultrymeat boxes pre-labelled as standard poultry to comply with marketing regulations. In some cases, this would lead to logistical challenges such as delays in sourcing appropriate packaging, delays in producing poultrymeat 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 poultrymeat across the UK have warned producers that, in the absence of the proposed change, they may reject Welsh poultrymeat during future housing orders. This is due to the logistical challenges of packing Welsh poultrymeat separately, which the packing facilities are not equipped to handle. Such rejections could increase the price of Welsh poultrymeat or lead to their replacement with English poultrymeat or EU imports. Which despite being produced under the same conditions, can still be marketed as free-range poultrymeat.

Considering the option (**Option 3**) 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 the free-range poultrymeat 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 2)** 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 approximately £91,800.

Table 3. Overall Outturn

	2025	2026	2027	2028	2029
Costs – Gross					
Familiarisation	£37,400	£0	£0	£0	£0
Benefits – Gross					
Over-Stickering cost avoided	£27,645	£27,645	£27,645	£27,645	£27,645
Net Benefits – Cost	-£9,755	£27,645	£27,645	£27,645	£27,645

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 12-week derogation period, the unpredictable impact of consumer reactions on the demand for poultrymeat 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 12-week derogation period, amounting to £100,800 across 5 years (£91,800 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

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 poultrymeat industry during avian influenza outbreaks.

13 Impact Assessments

13.1 Competition Assessment

The competition filter suggests there is no risk of detrimental effects on competition within the poultrymeat 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

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 Costs¹⁰.

Due to limited empirical data, familiarisation costs are estimated based on reasonable assumptions. These costs reflect the time required for industry stakeholders to understand and implement the regulatory changes, including administrative updates and operational adjustments. This includes the initial amount of time, calculated in hours/wages, for industry members to understand and implement the updates. It is assumed that a middle-ranking official would require approximately 6 hours to become familiar with the changes, at a wage rate of £27.50 per hour. Including overheads, this gives an estimated cost of £200 per business.

Based on the latest available data, there are an estimated¹¹:

- 138 commercial chicken producers
- 28 turkey breeders (including 3 of commercial scale)
- A small number of geese producers
- 11 exclusive poultry processors
- Plus key agents and representatives, bringing the total number of relevant stakeholders to approximately 187.

This gives a revised total estimated cost of £37,400 (187 businesses × £200). It is expected that this cost will only be applicable for the year the instrument is 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 poultrymeat to standard poultrymeat after the 12-week derogation period has been exceeded.

14.2.1 Over-Stickering Costs

The cost of over-stickering estimated for 2026 has been based on the assumption that the 2025 price provided by industry would remain constant. Cost savings from over-stickering poultrymeat packs have been estimated from the following official data and assumptions.

- The value of poultrymeat output in Wales in 2024 was £55¹² million.

¹⁰ [ONS - Employee earnings in the UK 2024 - - The wage rate of £27.50 per hour used in the familiarisation cost estimate is consistent with benchmarked rates derived from the Annual Survey of Hours and Earnings \(ASHE\). While the median hourly wage for full-time employees in the UK was £18.64 in April 2024, the higher rate reflects a middle-ranking official or manager-level role in the food production or agricultural sector, inclusive of standard overheads.](#)

¹¹ [Welsh Government Poultry-sub-sector-analysis \(2014\)](#)

¹² [Welsh Government Aggregate Agricultural Output and Income-2024](#)

- Using the average retail price of poultrymeat in 2024 of £3.79/kg¹³, and assuming an average pack weight of 0.5 kg, the estimated number of poultrymeat packs sold in Wales is 29,026,455 packs.
- Adjusting for an estimated 80% packing station throughput, the number of relevant packs is 23,221,164.
- The average yearly number of surplus weeks that the maximum 12-week derogation period was exceeded between 2021-22 to 2023-24 is 4.5 weeks, estimated as 8.7% of a calendar year. Multiplying 23,221,164 by a factor of 0.087 results in 2,020,242 poultrymeat packs being affected and assumed to be over-stickered.
- Based on industry figures that an application cost per sticker is 1-2p per pack, the base cost of over-stickering is estimated at $2,020,242 \times 0.015 = \text{£ } 30,304$ per annum (£30,300 rounded to the nearest 100).

14.2.2 Factors influencing Annual Pack numbers

Despite the projected annual poultrymeat consumption in the Wales expected to gradually increase, influenced by household and population growth. It is assumed that the number of poultrymeat 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 Poultrymeat as Welsh consumers choose to buy Poultrymeat less often, reflecting 24% of Welsh consumers who disagree that poultrymeat should be called as such if they exceed the 12-week derogation period. This drop is supported when examining the retail poultrymeat prices in supermarkets during mandatory housing measures in 2021-22 and 2022-23 where there was a biennial average drop in poultrymeat prices as consumers reacted to the announcement that the 12-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 onwards, 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 downgrading¹⁴

The costs savings from removing the requirement to downgrade poultrymeat to a barn (standard) classification after the 12-week

¹³ [ONS Price Index 2025. Average price - Chicken: roasting, ovn ready, frsh/chilld, Kg \(Note: The official RPI/ONS price series is for chicken only, not all poultrymeat\).](#)

¹⁴ [Welsh Government Aggregate Agricultural Output and Income 2024](#)

derogation period has exceeded can be estimated using official Welsh Government data and standard assumptions:.

- Between 2021–22 and 2023–24, the average number of weeks exceeding the derogation period was 4.5 weeks, representing 8.7% of the calendar year.
- After the derogation period, producers are legally required to remove the “free-range” label and market poultrymeat as standard poultrymeat, which typically sells at a lower price point.
- The value of poultrymeat output in Wales in 2024 was £55 million. Assuming an average free-range pack price of £1.46, this equates to approximately 37.7 million poultrymeat packs produced annually.
- With an estimated price difference of £0.37 per pack between free-range and standard poultrymeat, and applying the 8.7% derogation factor, the total revenue loss over 4.5 weeks is approximately £1,296,200.
- This includes an additional £20,000 per week in lost export revenue, based on industry feedback.
- The average weekly loss, including export impact, is approximately £288,000.
- Free-range poultrymeat production is estimated to be 17% more expensive than standard production due to housing systems, feed, and biosecurity requirements. These costs remain unchanged during housing orders, even when premium pricing is lost.

14.4 Annex C – Figures

Table C.1 Poultrymeat Types¹⁵

Production System	Total Market Share (UK – Defra)	Retail Sector Share (UK – Kantar)
Standard (Conventional)	56%	47%
Free Range	41% (incl. ~2% organic)	51% (incl. ~1.5% organic)
Organic	~2%	~1.5%
Other (e.g. corn-fed)	~1%	~0.5%

- Standard poultry meat remains dominant but has slightly increased in total market share to 56%, while its retail share has dipped to 47%.
- Free range poultry maintains a strong retail presence, now at 51%, with a slight decrease in total market share to 41%.

¹⁵ [DEFRA United Kingdom Poultry and Poultry Meat Statistics - GOV.UK](https://gov.uk/government/statistics/defra-united-kingdom-poultry-and-poultry-meat-statistics)

- Organic and other niche categories remain stable with minimal changes in market share.
- These figures reflect both consumer demand trends and production volumes, as indicated by chick placings and slaughter data.

Table C.2 Poultrymeat Retail Prices

Recent data from Defra and industry sources show that UK poultrymeat production and consumption reached record levels in 2024, with domestic production exceeding 2 million tonnes for the first time.¹⁶

While the British Poultry Council has not published a detailed breakdown of retail prices by production type, industry trends suggest:

Poultrymeat Type	Estimated Retail Price Range (2023–2024)
Free-Range Poultrymeat	£4.80 – £5.20/kg
Standard Poultrymeat	£3.80 – £4.20/kg
Organic Poultrymeat	£6.00 – £6.50/kg

These figures reflect average supermarket prices and may vary by region and retailer.

Table C.3 Packing Station Throughput by Country (Million Dozens)

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

These figures represent **packing station throughput**, which includes both eggs and poultrymeat volumes¹⁷.

¹⁶ [UK record for poultrymeat production and consumption in 2024](#)

¹⁷ [United Kingdom Poultry and Poultry Meat Statistics 2023 - GOV.UK](#)