



Market transparency in the food supply chain

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CDG Animal Products – Beef and Veal

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Definition of market transparency

“the availability of relevant market information (e.g. concerning prices, weather, production, trade, consumption and stocks) for all market participants”

AMTF, November 2016

Economic context

Market information is of increasing importance:

- Increasing market orientation of the agri-food sector
- Increasing levels of market concentration at the processing and retail stages
- Changing consumer demand patterns
- Increasing integration into global markets



Existing legal framework

- CMO Regulation ([1308/2013](#)), Art. 223, Communication requirements:
- For the purposes of...
 - monitoring, analysing and managing the market...
 - ensuring market transparency,
 - ensuring the proper functioning of CAP measures...
- A delegated act ([2017/1183](#)) and an implementing act ([2017/1185](#)) supplement the CMO Regulation, esp.:
 - What prices and quantities should be reported with which frequency? (Annex I-III of 2017/1185)

Political context

- European Parliament resolution, 7 June 2016:

Calls for increased transparency... within the supply chain and for the strengthening of bodies and market information tools...

(<https://europa.eu/!GG99Wn>)

- Council conclusions, 12 December 2016:

Calls on the Commission to address... the issue of lack of transparency and information asymmetry in all levels of the food supply chain... (<https://europa.eu/!Yc83tK>)

- Joint statement, 12 March 2019:

... the transparency of agricultural and food markets is a key element of a well-functioning agricultural and food supply chain... The Commission is encouraged to continue its ongoing work...

(<https://europa.eu/!yT36XH>)

Baseline at EU level (1)

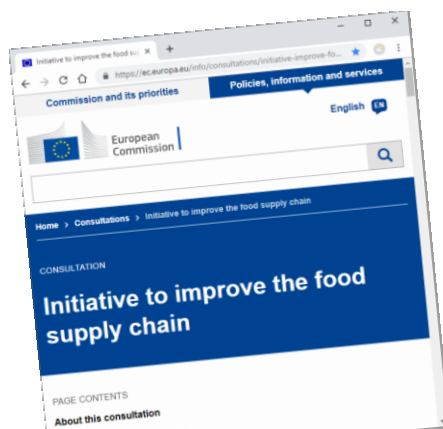
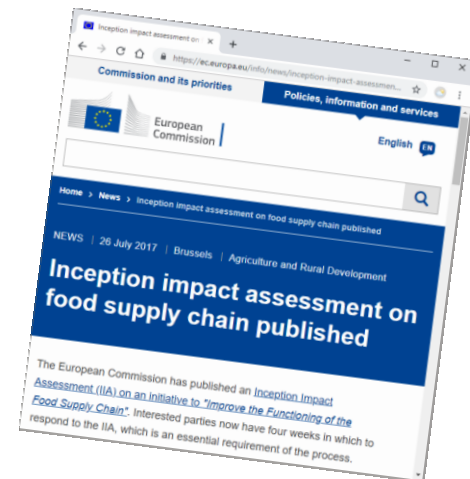
- Data at production stage, but less downstream
- Data available on prices and (some) quantities
- For some products all MSs report data, for others only if their production is above certain thresholds

Baseline at EU level (2)

- Operators report to MSs, which verify and transmit the data to the Commission
- No coordination mechanism, no exchange of practices
- Dissemination through Commission systems (dashboards, agri-food data portal, observatories)

Member States and stakeholder views

- Inception impact assessment (July 2017)
- Open public consultation (Aug-Nov 2017)
- AGRI/JRC experts workshop (May 2018)
- GREX/CDG workshop (September 2018)
- Questionnaires to Member States, companies and consumers (Sep-Oct 2018)
- Stakeholder workshop (February 2019)

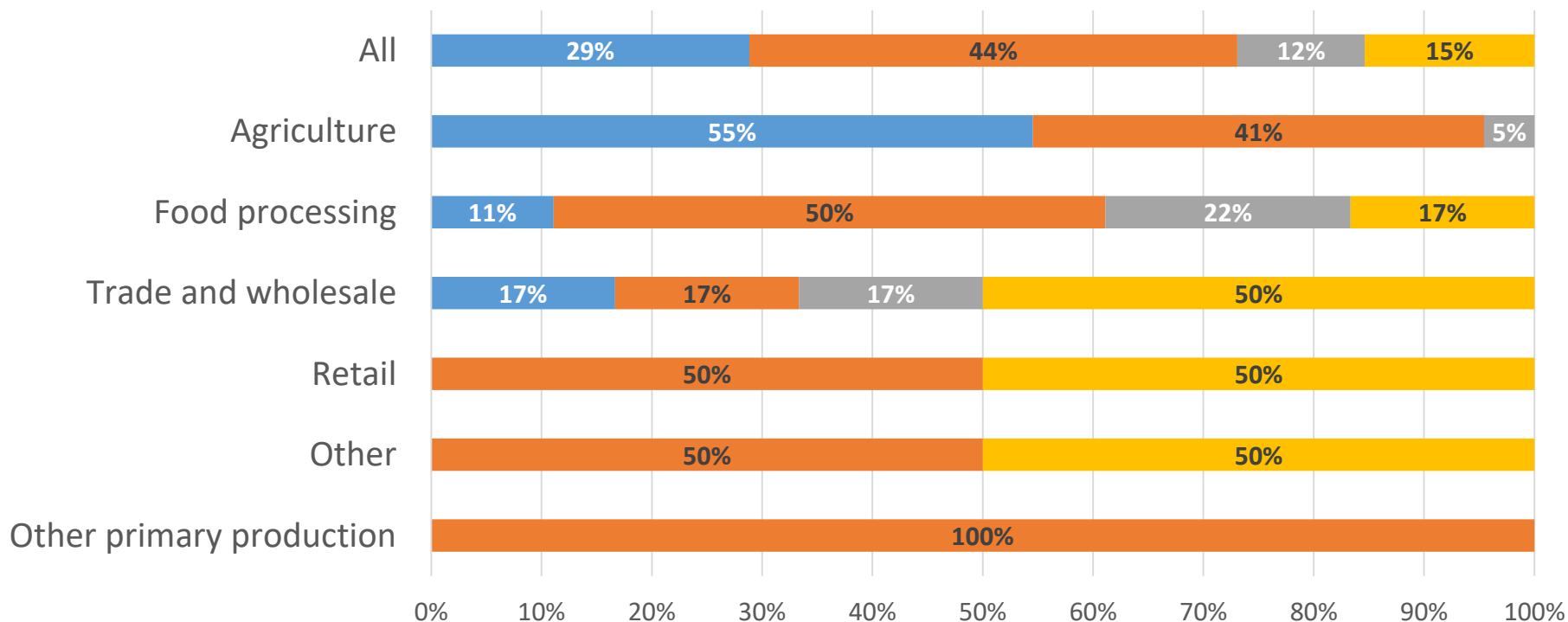


Questionnaire to companies/groups

To what extent does the current level of market transparency have a negative impact on your sector?

73% say:
to large or
some extent

■ Large extent ■ Some extent ■ Minor extent ■ Not at all



GREX/CDG workshop

Calls for:

- Better use of existing information
- Improved data quality
- Greater timeliness of dissemination
- Being mindful of costs of collecting new data
- Considering other data (environmental sustainability)
- Better contextualisation of the data, and
- Structural analyses of the food supply chain



Workshops

- AGRI/JRC experts workshop
 - Workshop report: <http://doi.org/10.2760/285157>
 - Presentations: <https://europa.eu/!Fj93Dd>
 - Webcast day 1: <https://europa.eu/!KH89br>
 - Webcast day 2: <https://europa.eu/!nh69hw>
- GREX/CDG workshop
 - Event website, presentations: <https://europa.eu/!Vm83Vt>
 - Agenda, documents, minutes: <https://europa.eu/!Cu84vc>

Benefits of market transparency

- Operators in the food supply chain:
 - Increased production efficiency
 - Improved risk management
 - Increased trust
- Public authorities
 - Reduced need for public intervention
 - More informed public policy and improved enforcement
 - Better preparation for and response to crises
 - Multiplier effects
- Benefits for consumers, researchers, environment

US Livestock Mandatory Reporting Act

Example for the impact of better market transparency:

- Exercised market power reduced
- Increased demand for agricultural products
- Increased market integration
- More responsive and converging spot & futures prices
- Benefits likely to be structural



Costs to public administrations

- Average costs to public administrations from existing market information systems
- Per sector & product per year:
EUR 2,000 to EUR 80,000
- Large heterogeneity, but some evidence that
 - the more stages in the food supply chain are covered, the more the costs to public administrations increase
 - the more types of data are collected (prices, quantities, margins), the more the costs increase

(Wageningen UR, for the JRC: <http://doi.org/10.2760/197814>)

Costs to operators (3rd party reporting)

- Set-up costs (extensive data reporting)
 - 69%: negligible to EUR 10,000
 - 19%: EUR 10,000 to 50,000 – 13%: > EUR 50,000
 - **Reporting only prices generally decreases costs by 80%**
- Running costs (extensive data reporting)
 - 57%: negligible to EUR 10,000
 - 29%: EUR 10,000 to 50,000 – 14%: > EUR 50,000
 - **Reporting only prices generally decreases costs by 80%**

(JRC – forthcoming, preliminary figures)

Confidentiality and competition

Article 4

Protection of personal data

3. Where information notified to the Commission is obtained from less than three operators, or where information from a single operator accounts for more than 70 %... the Member State concerned shall signal this to the Commission...

4. The Commission shall not publish information in such a way that can lead to the identification of an individual operator. Where such a risk exists, the Commission shall only publish such information in an aggregate form.

(Implementing Regulation (EU) [2017/1185](#))

Conclusions

There is support to extend the collection and publication of market data *as long as*:

- system not too costly
- publication raises no new competition concerns
- reporting targeted on key products only
- data are of good quality and published in a timely manner
- information contributes to a better understanding of structural issues in the chain



Option packages and preferred option

Scope	Option 1 Improved <i>status quo</i>	Option 2 Digitised improved price notification system	Option 3 Agricultural costs and price transparency	Option 4 Food chain observatory
Type of market data	Unchanged	<i>Producer and processing prices</i>	<i>Producer, processing and retail prices; some information on quantities, stocks, use (consumption)</i> ; costs (production, processing)	Prices; some information on quantities, stocks, use; costs; margins
Products	Few additional raw products, e.g. oilseeds, protein crops	<i>Annex I processed and high value-added products, e.g. meat cuts, some dairy products (drinking milk, mozzarella etc.), processed F&V (canned tomatoes, juices), sugar, plant protein products, some organic & GI products</i>	Annex I processed and high value-added products, e.g. meat cuts, some dairy products (drinking milk, mozzarella etc.), processed F&V (canned tomatoes, juices), sugar, plant protein products, some organic & GI products	Extensive list: all Annex I products, as well as some non-Annex I processed products (incl. biscuits, pasta, beer, sausages etc.)
Stage in supply chain	At production and processing level	<i>At production and processing level</i>	At production, processing and retail level	At production, processing and retail level
Geographical coverage	Representative markets	<i>Representative markets and operators</i>	Representative markets and operators	Extensive coverage: Annual notification of margins by all stakeholders
Mode of transmission	Member States (MSs) to Commission via ISAMM	<i>Alternatively, representative (larger) firms to MSs and Commission via ISAMM</i>	Representative (larger) firms directly to MSs and Commission via new integrated system	All firms directly to MSs and Commission via new interoperable system; additional annual notification of margins
Coordination	Unchanged (bilateral talks between Commission and MSs)	<i>Dedicated meetings of the expert group on the Common Market Organisation twice a year</i> (MSs only)	Dedicated meetings of the expert group on the Common Market Organisation combined with a horizontal CDG twice a year (MSs and stakeholders)	EU market observatory for the food chain (stakeholders only)



Thank you.

Example: Possible prices to collect

	Weekly prices already compulsory
	(Non-weekly) prices already available
	Weekly prices, currently voluntary - could be made compulsory
	Possible new prices

Sector	Existing prices (products)	Compulsory/ voluntary	Weekly/ Non-weekly	Sector	New prices (products)
Beef meat (processed)	Carcasses	c	w	Beef - meat (processed)	High value cuts Low value cuts Veal meat Minced meat Organic beef meat
Pig meat (processed)	Carcasses	c	w	Pigmeat (processed)	Loin Belly Shoulder Ham Organic pig meat GI ham
Poultry meat (processed)	Carcasses	c	w	Poultry meat (processed)	Breast Legs Wings Organic poultry meat
Sheep meat (processed)	Carcasses	c	w	Sheep meat (processed)	Shoulder Leg Organic sheep meat
Eggs (not processed)	Eggs in shell	c	w	Eggs (not processed)	Eggs in shell free range Eggs in shell organic
Dairy (processed)	Whey powder SMP SMP feed WMP Butter Butteroil Cheddar Gouda Edam Emmental Other cheeses	c c c c c c c c c c c	w w w w w w w w w w n	Dairy (processed)	Cream Drinking milk Yoghurt Mozzarella GI hard cheeses (Comté, Parmigiano Reggiano, Grana Padano) GI Feta Organic drinking milk Organic butter
Oilseeds and protein crops (not processed)	Rapeseed Sunflower seeds Soybeans Field peas Field beans	v v v v v	w w w w w	Oilseeds and protein crops (not processed)	Chickpeas Lentils Organic soya bean

Oilmeals and oils (processed)	* currently no data collected on processed products			Oilmeals and oils (processed)	Oilmeals (soya, rapeseed, sunflower) Oils (soya, rapeseed, sunflower)
Sugar (processed)	White sugar based on invoices	c	m	Sugar (processed)	White sugar - improvement on: * market segments /uses * weekly contracted prices Isoglucose
Olive oil and table olives (processed)	Olive oil			Olive oil and table olives (processed)	Table olives Organic olive oil
Cereals (not processed)	Common wheat Durum wheat Barley Oats Rye Maize			Cereals (not processed)	Organic common wheat Organic durum wheat
Fruit and vegetables (processed)	* currently no data collected on processed products			Fruit and vegetables (processed)	Apple juice Orange juice Tomato concentrate Tomato canned
Fruit and vegetables (not processed)	Tomatoes Apricots Nectarines Peaches Table grapes Pears Apples Satsumas Lemons Clementines Mandarins Oranges Courgettes Cherries Cucumbers Garlic Plums Sweet peppers Lettuce Strawberries Cultivated mushrooms Kiwis	c c	w w	Fruit and vegetables (not processed)	Apples organic Tomatoes organic Oranges organic Cauliflower Asparagus Eggplant avocado Carrots Onions Beans Leeks Watermelons Melons HazelNut Sour cherries Cabbages Potatoes

Example: Possible beef prices

Sector	Existing prices (products)	Compulsory/ voluntary	Weekly/Non-weekly	Sector	New prices (products)
Beef meat (processed)	Carcasses	c	w	Beef - meat (processed)	High value cuts Low value cuts Veal meat Minced meat Organic beef meat

- Weekly prices already compulsory
- (Non-weekly) prices already available
- Weekly prices, currently voluntary - could be made compulsory
- Possible new prices