



# **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)

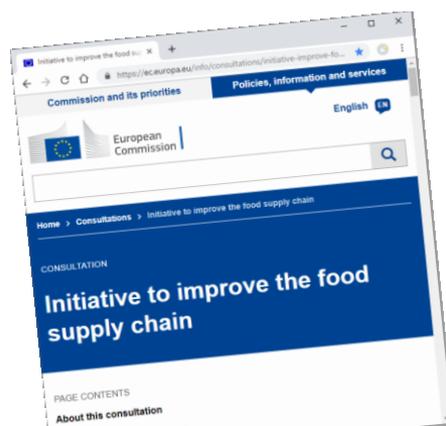
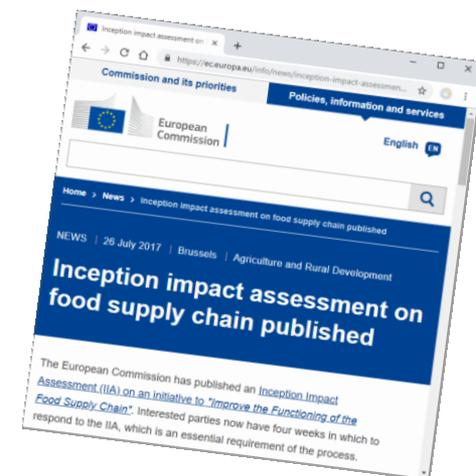
- Data at production stage, but less downstream
- Data available on prices and (some) quantities
- For some products all MSs report data, for others only if their production is above certain thresholds

## 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

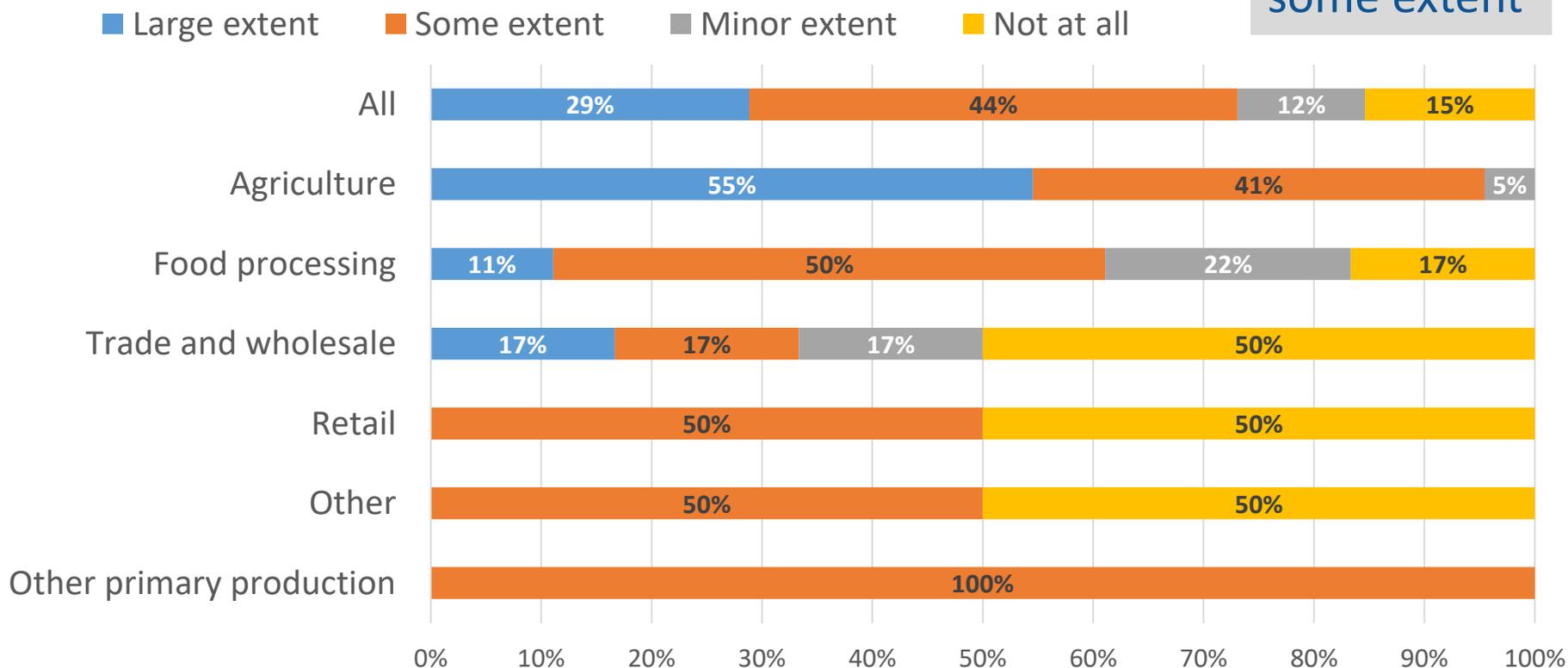
- Inception impact assessment (July 2017)
- Open public consultation (Aug-Nov 2017)
- AGRI/JRC experts workshop (May 2018)
- GREX/CDG workshop (September 2018)
- Questionnaires to Member States, companies and consumers (Sep-Oct 2018)
- Stakeholder workshop (February 2019)



# 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



# 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
<b>Type of market data</b>	Unchanged	<b><i>Producer and processing prices</i></b>	<b><i>Producer, processing and retail prices; some information on quantities, stocks, use (consumption); costs (production, processing)</i></b>	Prices; some information on quantities, stocks, use; costs; margins
<b>Products</b>	Few additional raw products, e.g. oilseeds, protein crops	<b><i>Annex I processed and high value-added products, e.g. meat cuts, some dairy products (drinking milk, mozzarella etc.), processed F&amp;V (canned tomatoes, juices), sugar, plant protein products, some organic &amp; GI products</i></b>	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.)
<b>Stage in supply chain</b>	At production and processing level	<b><i>At production and processing level</i></b>	At production, processing and <b><i>retail level</i></b>	At production, processing and retail level
<b>Geographical coverage</b>	Representative markets	<b><i>Representative markets and operators</i></b>	Representative markets and operators	Extensive coverage: Annual notification of margins by all stakeholders
<b>Mode of transmission</b>	Member States (MSs) to Commission via ISAMM	<b><i>Alternatively, representative (larger) firms to MSs and Commission via ISAMM</i></b>	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
<b>Coordination</b>	Unchanged (bilateral talks between Commission and MSs)	<b><i>Dedicated meetings of the expert group on the Common Market Organisation twice a year (MSs only)</i></b>	Dedicated meetings of the expert group on the Common Market Organisation <b><i>combined with a horizontal CDG twice a year (MSs and stakeholders)</i></b>	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)
<b>Beef meat (processed)</b>	Carcasses	c	w	<b>Beef - meat (processed)</b>	High value cuts
					Low value cuts
					Veal meat
					Minced meat
					Organic beef meat
<b>Pig meat (processed)</b>	Carcasses	c	w	<b>Pigmeat (processed)</b>	Loin
					Belly
					Shoulder
					Ham
					Organic pig meat
GI ham					
<b>Poultry meat (processed)</b>	Carcasses	c	w	<b>Poultry meat (processed)</b>	Breast
					Legs
					Wings
					Organic poultry meat
<b>Sheep meat (processed)</b>	Carcasses	c	w	<b>Sheep meat (processed)</b>	Shoulder
					Leg
					Organic sheep meat
<b>Eggs (not processed)</b>	Eggs in shell	c	w	<b>Eggs (not processed)</b>	Eggs in shell free range
					Eggs in shell organic
<b>Dairy (processed)</b>	Whey powder	c	w	<b>Dairy (processed)</b>	Cream
	SMP	c	w		Drinking milk
	SMP feed	c	w		Yoghurt
	WMP	c	w		Mozzarella
	Butter	c	w		GI hard cheeses (Comté, Parmigiano Reggiano, Grana Padano)
	Butteroil	c	w		GI Feta
	Cheddar	c	w		Organic drinking milk
	Gouda	c	w		Organic butter
	Edam	c	w		
	Emmental	c	w		
	Other cheeses	c	n		
<b>Oilseeds and protein crops (not processed)</b>	Rapeseed	v	w	<b>Oilseeds and protein crops (not processed)</b>	Chickpeas
	Sunflower seeds	v	w		Lentils
	Soybeans	v	w		Organic soya bean
	Field peas	v	w		
	Field beans	v	w		

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

# 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