

Market Transparency in the Food Supply Chain

Carlo Russo

Università di Cassino e del Lazio Meridionale

The DG AGRI – JRC Workshop

- Two-day workshop
 - 17 Presentations (EC, OECD, World Bank, USDA, Academia)
 - Do we need more Market Transparency?
 - What can be done?
 - Costs & Benefits
- Do we need public action?
- How can EU help?

The Debate in a Nutshell

Market Transparency

Is like vegetables



They are good for you

There are medical conditions
advising against eating them

Caution is required



Not Everyone
Agreed on
This Perspective

Both Points of View
Have Solid Reasons

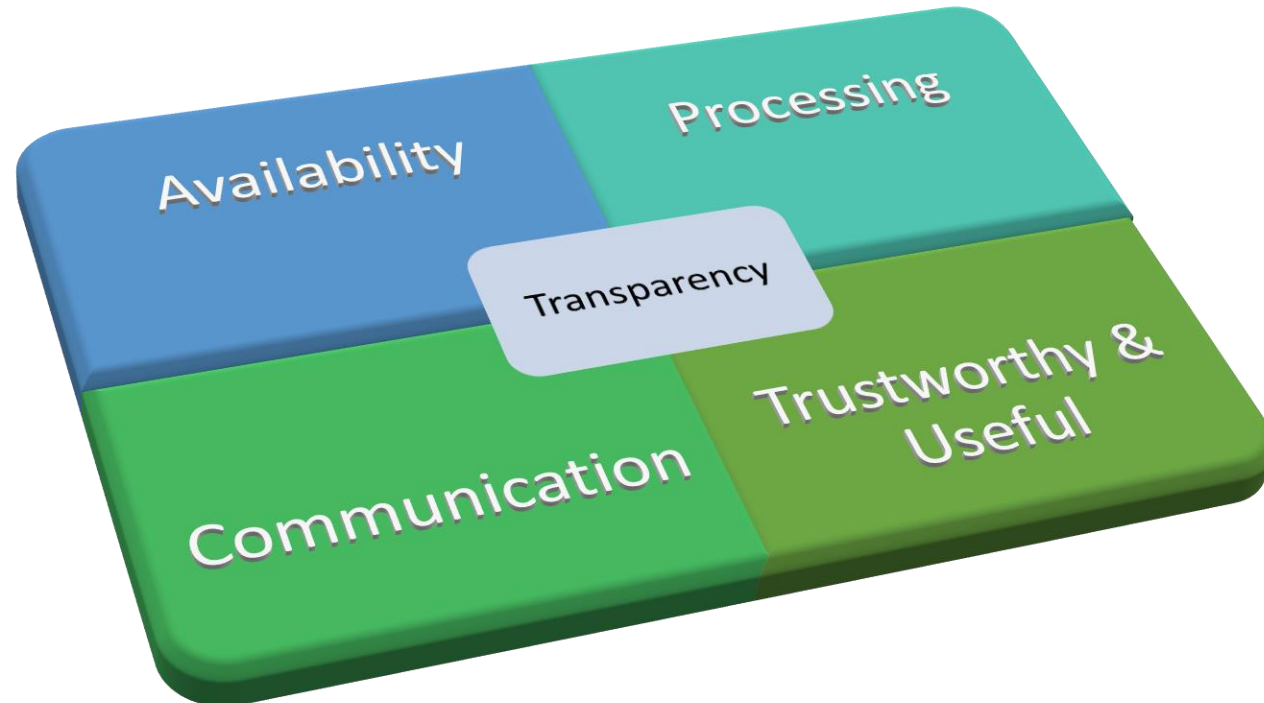
What do we mean by
Market Transparency

Expected costs and
benefits

Possible unintended
consequences

What is Market Transparency?

Market transparency can be defined as the **availability of relevant market information** (e.g. concerning prices, weather, production, trade, consumption and stocks) **for all market participants**.



Transparency
(Public Administration)
Open and understandable
decision process.
Rational decisions based on
publicly available information
(if possible)



Nothing new:
The EU and Member-States already pursue
this objective (outlook, dashboard)

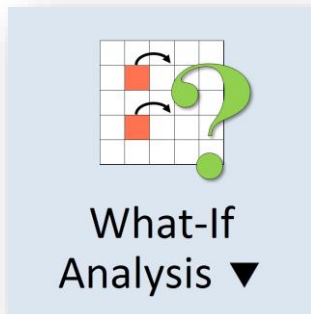
Two Remarks on Transparency

Types of Transparency

Discovery



Determination



Symmetric/Asymm. Transparency

Making private information publicly available

Informed Buyer

No info

Releasing new information

Both Uninformed

Full info

Buyer

Perfect Information



Seller

Full info

Labeling



Informed Seller
Uninformed Buyer

No info

The Debate in a Nutshell

Market Transparency

Is like vegetables



They are good for you

There are medical conditions
advising against eating them

Caution is required



Not Everyone
Agreed on
This Perspective

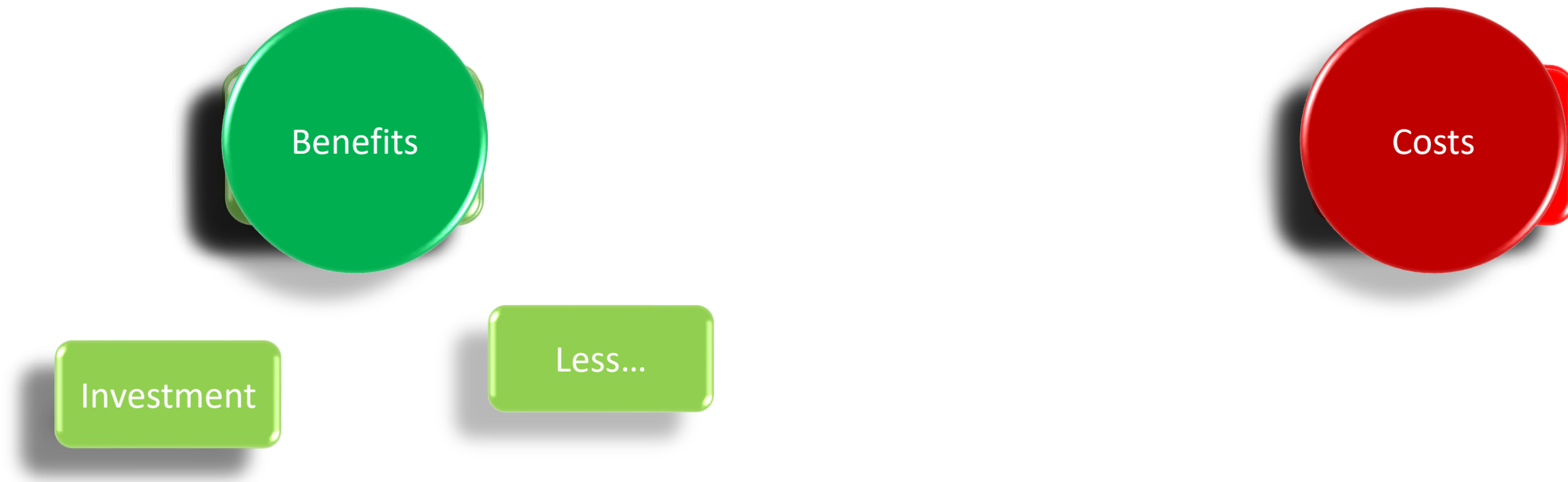
Both Points of View
Have Solid Reasons

**What do we mean by
Market Transparency**

**Expected costs and
benefits**

**Possible unintended
consequences**

Cost-Benefit Analysis



The Debate in a Nutshell

Market Transparency

Is like vegetables



They are good for you

There are medical conditions
advising against eating them

Caution is required



Not Everyone
Agreed on
This Perspective

Both Points of View
Have Solid Reasons

What do we mean by
Market Transparency

Expected costs and
benefits

Possible unintended
consequences

Unintended Consequences

More Harm
Than Good

Better Info =
Better Decisions

By Whom?

Transparency & Market Power

MT Can Favor
Market Power by
Revealing
Costs/Revenues

Market Power Can
Reduce the
Benefits of MT

Market
Transparency Can
Facilitate Collusion

When Do We
Need to Worry about
Unintended Consequences ?

MT Can Help
Finding Trade
Alternatives

Market
Transparency Helps
Anti-Trust

Two Conditions for Unintended Consequences

Collusive Industry



MT Reveals
Something Collusive
Firms Do NOT Know
Already

Making
Private Information
Publicly Available

Collect Individual Data
Reveal Aggregate

Conclusions: FAQs on Market Transp

A Careful Design
Can Minimize the Risk of
Unintended Consequences

Does MT Mean
Better Prices for
Farmers?

Redistribution

Benefits May Vary Across
Sectors, Industries ...

Does MT Foster
Collusion?

Type of Data

ICT Can Attenuate the
Statistical Burden

How Much Does MT
Cost to Firms?

Operation

It's All about the
Quality of Information

Thank you for your attention