



Market transparency in the food supply chain

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**CDG Animal Products
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Economic, political & legislative context

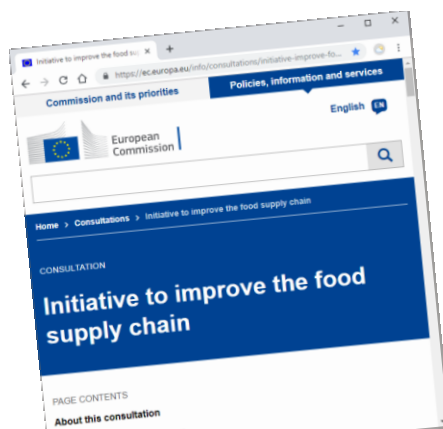
- There is an increasing market orientation of the EU's agri-food sector
- The European Parliament and the Council reiterated the need to tackle market transparency
 - e.g. in their joint statement from 12 March 2019 <https://europa.eu/!yT36XH>
- Current data collection is based on Art. 223 of the CMO Regulation ([1308/2013](#))
- A delegated ([2017/1183](#)) and implementing act ([2017/1185](#)) supplement the CMO Regulation:
 - e.g. what prices and quantities should be reported? (Annex I-III of 2017/1185)

Current data collection at EU level

- 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
- 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)



Feedback

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

- system is not too costly
- publication raises no new competition concerns
- reporting is 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



Draft proposal

Amend the Annexes of Implementing Reg. ([2017/1185](#))

- Selling prices also for selected processed products and for organics
- Buying prices to obtain new points of observation in the supply chain
- Quantities when useful to understand the chain
- Possibility for MSs to delegate to operators the transmission of information
- Better coordination mechanisms between MSs and stakeholders

Data collection

- Member States concerned:
 - Generally: Producing or using more than 2% of the corresponding Union production or use
- Buying prices
 - Along the supply chain (processing and retail prices)
 - Same frequency as the relevant selling prices
- High value-added products
 - Organic, non-GM
 - Monthly

Weekly prices (Annex I)

- Meat selling prices (SP) and buying prices (BP):
 - SP beef: (reconstit.) hindquarter & forequarter, minced
 - SP pig: loin, belly, shoulder, ham, minced meat
 - BP pig & beef: minced meat
- Dairy:
 - SP cream, drinking milk, fat-filled powder (mozzarella via ISAMM form)
 - BP butter & cheese
- Poultry & eggs:
 - SP chicken cuts (breast fillet, legs)
 - BP chickens (whole, breast fillet)
 - SP cage, barn, free-range, organic eggs

Monthly prices (II) & quantities (III)

- Meat:
 - SP organic (beef carcasses)
 - Production: weekly number & weight of classified carcasses (beef incl. organic, pigs)
- Dairy:
 - SP raw milk: reported *on the 10th* of each month
 - SP organic raw milk
 - Production: fat-filled powder & delivery of organic milk reported on the 10th of each month
- Poultry & eggs:
 - SP organic chicken (whole)
 - Production: monthly eggs in shell (cage, barn, etc.)

Sheep & goat products

- Existing reporting obligations remain (weekly prices for sheep carcasses)
- No new reporting requirements for sheep and goats, neither for their milk
 - The current proposal is only one step in improving the efficient functioning of the food supply chain
 - Benefits of reporting have to be balanced with the costs
 - Voluntary reporting can be an option

Tentative timeline

- Comitology vote in June or July
- Implementation over six months
- Drafting of overviews with product definitions, supply chain stages, market coverage, number of operators
- Drafting of technical guidance
- Expanded data collection starts in 2020



Thank you!

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Meat & dairy provisions in proposed Annexes I, II & III

Annex I – weekly prices

1. Meat

a) Selling prices

- Representative market prices
- Carcasses, live animals and cuts
- All Member States
- Concerning cuts, Member States concerned shall report prices for beef hindquarter, beef forequarter, beef minced meat, pig meat loin, pig meat belly, pig meat shoulder, pig minced meat and pig meat ham.

b) Buying prices

- Representative retailer and food industry buying price for pig and beef minced meat, expressed per 100 kg of product.

Annex I – weekly prices

2. Milk and milk products

a) Selling prices

- Representative market prices (NB. **Mozarella** to be included in ISAMM form as part of commodity cheeses)
- Addition regulation: cream, drinking milk, fat filled powder.

b) Buying prices

- Representative retailer and food industry buying price of butter and commodity cheese expressed per 100kg of product.

Annex I – weekly prices

3. Poultry

a) Selling prices

- Whole chickens and cuts (breast fillet, legs)

b) Buying prices

- representative retailer buying price for whole Class A chickens and chicken breast fillets, expressed per 100 kg of product.

Annex I – weekly prices

4. Eggs

a) Selling prices

- Per farming method (cage, barn, free-range, organic)

Annex II – non-weekly prices

1. Meat

Selling prices

- representative selling prices of organic beef carcasses according to the classification of beef carcasses

Annex II – non-weekly prices

2. Milk and milk products

Selling prices

- Organic raw milk
- the price shall be that paid by first purchasers established in the territory of the Member State

Annex II – non-weekly prices

Annex II – non-weekly prices

3. Poultry

Selling prices

- representative selling prices of organic whole Class A chickens ('65 % chickens') expressed per 100 kg of product

Annex III – production & market info

1. Meat

Production

- Beef: number and weight of classified carcasses per category and classes of conformation and fat cover
- Pig: number and weight of classified carcasses per classes of lean meat content
- Beef: number and weight of classified organic carcasses per category and classes of conformation and fat cover

Annex III – production & market info

2. Milk and milk products

Production quantity

- Organic cow's raw milk
- Fat-filled powder

Annex III – production & market info

3. Eggs

Production volume

- volume of production of eggs in shell per farming method



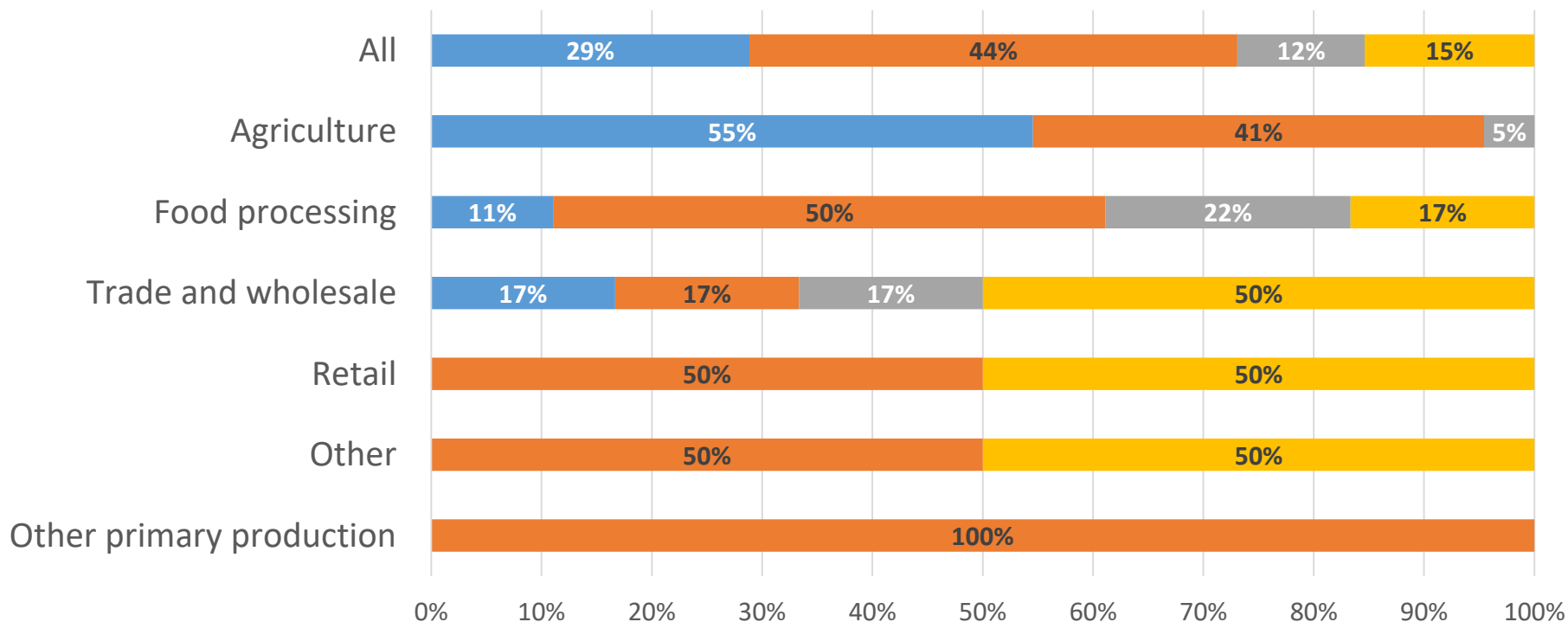
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Questionnaire to companies/groups

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



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

- Study by Wageningen UR for the JRC:
<http://doi.org/10.2760/197814>
- Examples of 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

Costs to operators

- Forthcoming study by the JRC with a survey of costs to operators, preliminary figures
- 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%

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](#))

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)



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