

4. What is the tangible result?

A complex quality labeling system including ethical and sustainability issues specifically designed for food SMEs with several transparency solutions.

For more information: <http://www.gut-so.at/index.php?mid=70>

Simple template for best practice collection

Reference to the project: Transparent_Food

European Food Prices Monitoring Tool

Author:	Name	Jan Walschots	Katrien Van Lembergen
	Affiliation	Eurostat Unit G-6 Price Statistics	Ghent University Faculty Bioscience Engineering Department Agricultural Economics – Agro-Food Marketing

Contacts

Joannes.Walschots@ec.europa.eu

Katrien.VanLembergen@UGent.be

1. What is the transparency problem?

Due to strong turbulences in price evolution at each step of the food supply chain, the European Commission proposed ways to improve the functioning of the food supply chain in Europe to deliver permanently competitive prices for European households in its December 2008 Communication (Food prices in Europe). In October 2009, the European Commission concluded in another Communication (A better functioning food supply chain in Europe) that there are significant imbalances in contractual relations between actors in the food supply chain. These imbalances are the result of the diversity of active actors in the chain and their differences in bargaining power. Further, this Communication also highlights the lack of transparency of prices along the food supply chain and the increased volatility of agricultural commodity prices. To overcome these challenges and improve the functioning of the food supply chain, the Commission proposes among others to increase transparency in the food supply chain by publishing the European Food Prices Monitoring Tool.

2. What is the best practice solution?

The European Food Prices Monitoring Tool was developed in the second half of 2009 and published in October 2009 by Eurostat, in cooperation with DGs AGRI, ECFIN and SANCO. The aim of this tool is to monitor markets by following price transmission for food products along the food supply chain. The tool didn't try to show detailed national statistics, but rather aimed at EU level comparison. Hereby, a simple representation of the food supply chain is used, showing price developments for agricultural commodities (ACP: agricultural commodity price index), the food industry (PPI: producer price index) and consumer foods (HICP: harmonized index of consumer prices). Data on 17 food supply chains are included in the tool, based on existing Eurostat publications (since 2005) for EU and 27 member states.

3. What are the benefits and weaknesses from the main stakeholder point of view?

Different aspects indicate the importance of the European Food Prices Monitoring Tool:

- Transparency may overcome the problem that each player in the food supply chain has his/her own idea on how prices develop, where sellers want to have a fair income and buyers want to have a fair price.
- Food prices are of primary importance for inflation.
- Food is a basic need (purchase decision cannot be postponed)

- Food prices are very volatile. This volatility depends on many factors and in order to be able to understand these factors (and consequently volatility) it is of high importance to understand the functioning of the food supply chain.

Therefore, Eurostat developed this tool. This tool allows the European Commission and other stakeholders to understand the price development at the different stages of the food supply chain and the pass-through of price developments along the food supply chain, which may lead to a better performance.

Further, some weaknesses can be identified:

- Sometimes, it is difficult to show how prices are transmitted and it is not possible to picture all costs and prices. Therefore, Eurostat decided to focus on selected levels of the food supply chains.
- It is difficult to have comparable data at the different levels of the food supply chain because products change during the process (from farm to fork). Also the production process, trade and transport costs differ across products, countries and producers.
- Inputs such as labor cost, energy etc. are also important but not included in the tool. Maybe in the future, it will be possible to include also prices of these inputs. Eurostat has data available on prices for various inputs for example energy prices, but it is very complicated to establish the importance of each input in each supply chain and to include it in the tool.
- Eurostat is trying to update the tool by including international trade data. This data is available, but it is difficult to select the relevant trade flows and calculate price indices for them and then to include these in the tool.
- Part of the price development also takes place outside the food industry such as transport and wholesale.
- Currently, data from some countries is missing in the tool. Eurostat tries to solve this problem, but in some cases there is a good reason why there is no data available (e.g. product is not produced in that country).
- It is difficult to find a good balance between details (complexity) and understandability (transparency).

4. What is the tangible result?

The European Commission concluded that price transparency in the food supply chain is not sufficient. Therefore, the European Food Prices Monitoring Tool was developed. This tool has an important value for the European Commission but also for other stakeholders.

Further, the High Level Forum for a Better Functioning Food Supply Chain was established. Several Ministers, CEOs of major companies in the food industry, trade associations and NGOs are member of this forum. Based on their recommendation (that more transparency along the food supply chain is necessary), the tool will be further developed.

Eurostat focuses on European comparison instead of national comparison. They work together with authorities and institutes to receive more detailed information. Detailed analyses at national level are considered national responsibilities.

For more information:

http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/methodology/prices_data_for_market_monitoring

http://ec.europa.eu/agriculture/foodprices/index2_en.htm

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0821:FIN:EN:PDF>
http://ec.europa.eu/economy_finance/articles/structural_reforms/article16028_en.htm
http://ec.europa.eu/economy_finance/publications/publication16061_en.pdf

AnnexII: List of abbreviations

- AOC: Application d'Origine Contrôlée
- B2B: Business to Business
- BRC: British Retail Consortium
- CP: Control Point
- CCP: Critical Control Point
- CD: Compact Disc
- CSA: Coordination and Support Action
- DNA: Deoxyribonucleic Acid
- DVD: Digital Versatile Disc
- EC: European Commission
- EFSA: European Food Safety Authority
- EMAS: Eco-Management and Audit Scheme
- EPA: Environmental Protection Agency
- EPD: Environmental Product Declaration
- EU: European Union
- GAP: Good Agricultural Practice
- GDA: Guideline Daily Amount
- GFSI: Global Food Safety Initiative
- GHG: Green House Gases
- GM: Genetically Modified
- GMO: Genetically Modified Organisation
- GMP: Good Manufacturing Practice
- GTIN: Global Trade Item Number
- GS1: General Standard One
- HACCP: Hazard Analysis and Critical Control Points
- ICT: Information Communication Technology
- IFS: International Food Standard
- IFM: Integrated Forest Management
- ILCD: International Life Cycle Database
- IPM: Integrated Pest Management
- ISO: International Organization of Standardization
- LCA: Life Cycle Assessment
- MSC: Marine Stewardship Council
- NGO: Non-Governmental Organisation
- PGI: Protected Geographical Indication
- PDO: Protected Designation of Origin
- RASFF: Rapid Alert System for Food and Feed
- RFID: Radio Frequency Identification
- SME: Small Medium Enterprise
- TRU: Traceability Reference Unit
- TSG: Traditional Speciality Guaranteed

- UK: United Kingdom
- WFTO: World Fair Trade Organization

CONSORTIUM

	<p>Department for Food and Resource Economics, University of Bonn (UBO)</p>	<p>Germany</p>
	<p>Kuratorium für Technik und Bauwesen in der Landwirtschaft e. V. (KTBL)</p>	<p>Germany</p>
	<p>Department of Food Biotechnology and Food Process Engineering, Technische Universität Berlin (TUB)</p>	<p>Germany</p>
	<p>The European Association for Food Safety (SAFE)</p>	<p>Belgium</p>
	<p>The Swedish Institute for Food and Biotechnology AB (SIK)</p>	<p>Sweden</p>
	<p>Faculty of Agricultural Sciences, University of Aarhus (AU)</p>	<p>Denmark</p>
	<p>Centre for Food Policy, City University London (City)</p>	<p>United Kingdom</p>
	<p>RLabs Market Research Ltd. (RLabs)</p>	<p>Greece</p>
	<p>Faculty of Bio-engineering, Department of Agricultural Economics, Ghent University (Ugent)</p>	<p>Belgium</p>
	<p>Campden BRI Magyarország Nonprofit Kft (CCH)</p>	<p>Hungary</p>