



20.12.2023

NOTICE TO MEMBERS

Subject: Petition No 0064/2023 by Tomislav Ivancic (Croatian) on food prices and imbalances among EU Member States

1. Summary of petition

The petitioner requests that the EU institutions assess and investigate on food prices across the EU, and asks for action against unfair business and food pricing practices. The petitioner founds his petition on his observation of the food pricing in Croatia, where, according to him, agri-food enterprises, traders, suppliers and retailers have overpriced food for many years. The petitioner says that the transition to the Euro allowed for greater transparency in the food system as well as for a comparison with prices in other Member States. According to the petitioner some food prices are up to 80-90% cheaper in some EU Member States and the supply chain costs cannot be justified in many cases. The petitioner considers it unjustified that consumers should pay high price in a Member State for the same product, without taking into account the minimum wage differentials.

2. Admissibility

Declared admissible on 2 June 2023. Information requested from Commission under Rule 227(6).

3. Commission reply, received on 20 December 2023

EUROSTAT is monitoring the evolution of food prices in 36 countries, including all the EU Member States and displaying those in its food price monitoring portal, where comparisons of this evolution between Member States is available: Food price monitoring tool (europa.eu)¹. The EUROSTAT detailed analysis of comparative price levels for food, beverages and tobacco shows a pronounced price dispersion within the 36 country group,

¹ <https://ec.europa.eu/eurostat/cache/website/economy/food-price-monitoring/>

including both the high price *European Free Trade Association* (EFTA) countries and the mostly low price Western Balkan countries. The lowest price dispersion is found for non-alcoholic beverages, and the highest for tobacco, mainly due to large differences in excise taxation on the latter across the 36 countries. Price dispersion is much less pronounced in the euro area than in the EU as a whole. The EUROSTAT data indicates that Croatia food and non-alcoholic beverage prices are close to the EU average, but that both non-alcoholic and alcoholic beverages are on average significantly more expensive.

EUROSTAT is publishing a yearly summary: Key figures on the European food chain. Between 2006 and 2021, consumer prices in the EU increased 27.5 %. Consumer price increases for F&B and catering services were of a similar magnitude or higher, increasing 26.8 % for non-alcoholic beverages, 30.3 % for alcoholic beverages, 35.3 % for food, and 38.6 % for catering services. Regarding long-term and short-term food inflation, this Eurostat analysis on food and beverages consumer prices evolution shows that Croatia is there also quite aligned on the EU average. It should be noted that most datasets included in the 2022 report are presented until 2020 or 2021 as national statistics are always available with some delays. The effects of the Russian military aggression against Ukraine have thus not yet been fully captured by the statistical indicators presented in the 2022 edition.

This petition requests that the European institutions respond and investigate food prices across the EU, to assess how enterprises set unit prices for food and food products in EU Member States. However, the food value-chain is extremely complex, and a large number of intermediary production and transformation steps take place to produce processed agricultural products before they are proposed to the consumer at the retail stage. Price differences for similar products across different markets final food prices at the EU stem from the accumulation of different factors along the value-chain. Similarly, the recent food inflation stemmed from the accumulation of costs increases at the different levels of the value-chain: fertilisers, energy costs, agricultural commodities, transport costs, packaging costs, labour costs etc.

With regard to the first part of the value-chain, the EU currently provides pricing and other market information² for many agricultural commodities. On 1 October 2019 the European Commission adopted new regulatory measures to improve market transparency in the agri-food supply chain³. The regulation covers the meat, eggs, dairy, fruit and vegetables, arable crops, sugar, and olive oil sectors. It adds a wider scope to existing data collection systems and procedures, providing new information on the downstream stages of the food supply chain. The data will help all operators – including farmers, their producer organisations, and small and medium sized enterprises – to observe market trends at the different stages in the chain and to evaluate their impact. Each EU country is responsible for collecting price and market data. To reduce the administrative burden, the Commission recommends small and medium-sized enterprises are not targeted in this data collection. EU countries communicate the data to the Commission, which makes the information available on its agri-food data portal⁴ and EU market observatories⁵. It is essential that the information provided by EU countries is accurate and timely. A number of common queries about market transparency are

² https://agriculture.ec.europa.eu/data-and-analysis/markets_en

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019R1746>

⁴ <https://agridata.ec.europa.eu/extensions/DataPortal/home.html>

⁵ https://agriculture.ec.europa.eu/data-and-analysis/markets/overviews/market-observatories_en

addressed in the Commission's frequently asked questions document⁶.

Though the EU provides extensive information on agricultural producer and consumer prices, less information is available on prices in the intermediary stages of the food supply chain. The European Commission has made considerable attempts to refine the Eurostat and information available on its agri-food data portal and EU market observatories by combining it with different data sources to estimate the costs and margins at the different stages of the value-chain, which ended up ineffectual. The FOODEURO project⁷ -Development of the European Food Price indicator along the value chain – attempted to combine data from different sources – Eurostat, national observatories, private data, which led to overlaps, inconsistencies, and calculation results which were obviously not aligned with the economic reality. The Commission will thus not reattempt such an exercise of data combination from different sources.

The 2020 Study on territorial supply constraints in the EU retail sector analysed price imbalances across EU Member States. It analysed all data available from Euromonitor – thus one single data source- on prices for various brands across a range of product categories and countries. The product categories include ‘beauty and personal care’, ‘home care’, ‘packaged food’ and ‘bottled water’. The price points were from 2017 for most products, as to gather data, Euromonitor applies a rigorous methodology to collect all relevant published information, perform store checks and foodservice outlet visits and speak with all major actors in the supply chain to cross-triangulate all available sources and counteract the weaknesses each one possesses. It also used Eurostat Price level indices (EU-27 =100) for food, non-alcoholic beverages and alcoholic beverages for each of the 27-EU Member States, considering Purchasing power parities (PPPs), price level indices and real expenditures for ESA 2010 aggregates. The correlation analysis between Euromonitor price data and the Eurostat price level indicated that the cross-country differences in prices of the observed branded products do not necessarily follow the pattern of the cross-country differences in the general price levels for goods. It should be noted that this analysis could be only be done on data sets which are 3 years old, and thus in the present context of hyper-volatility and hyper-inflation of agri-food commodities, intrants, and final products, the repetition of this monitoring exercise would only be able to provide averages on an outdated period, and could not capture the complexity and volatility of food prices.

Conclusion

EUROSTAT is accurately monitoring the evolution of food prices across the EU. The European Commission also adopted in 2019 new regulatory measures to improve market transparency in the agri-food supply chain⁸. The regulation covers the meat, eggs, dairy, fruit and vegetables, arable crops, sugar, and olive oil sectors. In the present context of hyper-volatility and hyper-inflation of agri-food commodities, intrants, and final products, any monitoring exercise at the retail level would only be able to provide averages on an outdated period and could not capture the complexity and volatility of food prices. The Commission does therefore not intend at this stage to launch additional monitoring of food prices in the

⁶ https://agriculture.ec.europa.eu/common-agricultural-policy/agri-food-supply-chain/market-transparency_en#documents

⁷ https://single-market-economy.ec.europa.eu/events/foodeuro-final-workshop-2021-06-30_en

⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019R1746>

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