SWEDEN answer to questionnaire concerning the role of institutions in providing food price formation data and analysis

Question 1: In Sweden there is no monitoring entity.

Question 7: The food prices that are publicly available are those that are published in official statistics. There is less information available on prices at the food processing and wholesale levels than at the farm gate and consumer levels.

Question 8: Our experience is that the more concentrated a sector is, the less willing are the firms to provide price information. Particularly large firms with a very high market share are reluctant to provide price information, since a published market price to a large extent would reflect their price.

Question 9: Competition law and providing better transparency through price statistics are two types of policies that may improve the functioning of markets. In recent years there have not been any substantial changes of these policies in Sweden.

This information is reported from the Swedish Board of Agriculture.

The information provided three years ago on activities in food price formation, transparency and monitoring is still relevant.

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Survey of activities in food price formation, transparency and monitoring along the food chain – Answers for Sweden

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I. Are price formation, transmission and transparency along the food chain important and if so for what stakeholders and why?

These issues are important for all actors in the food chain. One question for farmers is whether asymmetric price transmission in the food chain makes them worse of in periods with fluctuating prices. For the food industry an important issue has been increased power of retailers, which is linked to a higher market share for retailer brands. For retailers, low food prices are important in order to attract customers (even though consumers' interest in high quality products is increasing). Among consumers, low food prices are particularly important for people with low income.

II. Which are the three most important issues with respect to food prices that have raised concern over the recent period?

1. Food prices at consumer level tend to increase fast when retailers' purchase prices increase due to higher prices of agricultural products, but why do food prices not fall in a similar way when prices of agricultural products fall?
2. Are retailers too strong and use their market power against their suppliers?
3. Is farmers' share of the consumer price too small, due to market power in subsequent stages of the food chain?

III. Institutional initiatives

An important initiative from the government in 2010 was that the Swedish Competition Authority was commissioned to analyse competition in the entire food chain. Several research institutes and government authorities were involved in the work. In addition, actors in the food chain were invited to contribute with suggestions that could contribute to improved competition. Results of the work are summarised in the report "Mat och marknad – från bonde till bord" (which has an English summary and can be downloaded from www.kkv.se). In the report, the Swedish Competition Authority concludes that competition in the food chain is essentially functioning efficiently, even though there are certain circumstances and regulations that impair competition where it may be appropriate to make changes.

IV. Are there non-governmental institutions which are involved in the same activities?

- The most well-known is the National Pensioners' Organisation's (PRO) annual survey of food prices. It includes a representative basket of products and more than 1000 food stores.
- One of the Consumers' organisations (Sveriges Konsumenter i Samverkan) has initiated a survey of food prices. However only focusing on a one type of product at a time and results only available for members.

- There are a few commercial websites (financed by advertisements) devoted to comparison of food prices between stores. They are not well-known and seem to vary in geographical coverage and quality.

V. Statistical and analytical activities undertaken

- Statistics Sweden publishes consumer price indices monthly. For food there is both an aggregate index and indices for food broken down into a dozen categories.
- The Swedish Board of Agriculture publishes monthly indices where the development of food prices at consumer level can be compared with the development of prices at the farm gate and food industry selling prices. (This is done for selected categories of food.)
- An analysis by the Swedish Board of Agriculture indicates that the consumer price of milk tends to follow an increasing farm level price up but not follow a falling farm level price down.
- Agrifood Economics Centre has analysed price transmission in the Swedish food chain. Particularly for more processed food the study found evidence of asymmetric price transmission, but whether market power is the reason or not was nor investigated.
- Agrifood Economics Centre has econometrically analysed local price competition among Swedish food retailers, finding that store size and distance between food stores are important factors.