**UPDATE OF 2011 QUESTIONNAIRE**

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

The mentioned issues are import because of the following reasons:

1) in 2012, 27% of the households´ expenditure was spent on food (including drinks). The same indicator at the EU level was 14% in 2012;

2) in 2013 the European Commission published a green paper on unfair trading practices (UTP) in the business-to-business food and non-food supply chain in Europe where it identified seven types of UTPs. It is import to acknowledge that a transparent food chain is an important element in dealing with the UTP issues;

3) in order to take different policy measures there should be a better understanding about the functioning of the food chain and the situation of its actors (producers, processors, retail) within.

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

The three most important issues are the following:

1) trade restrictions (e.g Russia`s ban on EU food);

2) outbreak of the African swine fever;

3) the discussions about how to strengthen the position of the producers in the food chain.

**III. Have you undertaken any institutional initiatives in recent years to improve your understanding of impacts of price formation, transmission and transparency on stakeholders in the food chain? Do these involve more than one ministry or units in a ministry, and if so which? These should include new working groups, new statistical units and special government offices and how they are administratively set up and operate. Any cross department activities in this area would be of particular interest.**

The Estonian Ministry of Agriculture has not taken any institutional initiatives (e.g. new organizational structures, units etc) in the field of price analyzes. All the bodies and organizations dealing with price monitoring have existed already for some longer time.

**IV. Are there non-governmental institutions which are involved in the same activities? Please include trade unions, co-operatives, consumer groups or business associations.**

The Estonian Chamber of Agriculture and Commerce publishes once a quarter three publications about the following market sectors: meat market, dairy market, grain and oil crops market. Each week, information about prices of agricultural produce in Estonia and Europe is published. The information is gathered from different public databases at state and EU level.

The Estonian Institute of Economic Research also analyzes price levels, trends and forecasts in different sectors and chain segments. Some of their works are publicly available and some studies have to be subscribed.

They are the previous contractors of the Estonian Ministry of Agriculture who were dealing with the collection and analyses of agri-food market prices. The new contractor is TNS Emor (see question V).

**V. Please describe briefly statistical and analytical activities undertaken on a regular or ad hoc basis. Please include special studies and research projects, database development, statistical analyses and other relevant activities.**

In 2011 the Ministry of Agriculture signed a four year contract (2011-2015) with the research company TNS Emor to collect and transmit to the European Commission prices of the market management products.

In addition, according to the contract TNS Emor has to analyze the price and margin formations and publish the results (studies) four times a year (every quarter). They also have to publish each moth a monitoring report that analyzes and compares price levels with some of the previous months of the same year and the year before. The report includes also comparisons with the prices of other European capitals (every quarter).

Another contract is signed (2011-2014) between the Ministry of Agriculture and the Estonian University of Life Sciences (ULS). The contract states that ULS in cooperation with the Estonian Institute of Economic Research have to conduct a four year study in which focus will be given to questions concerning the creation of value and price formation at different stages of the agri-food supply chain. Special attention will be given to the distribution of costs and benefits in the supply chain. So the main aim is to increase the transparency of the agricultural and food products market in Estonia and also to increase market participants´ knowledge about price formation in different stages of market chain. That means that the studies of TNS Emor and ULS complement each other and shed light on different aspects of the same problem.

In August 2014 the Ministry of Agriculture ordered a study from the Estonian Institute of Economic Research in order to have a quick overview about the possible impacts of Russia`s food ban on our food sector. The study focuses among others on issues like price fluctuations on the Estonian market and more generally.

On a regular basis the trade and agro-food department together with the agricultural market regulation development department of the Ministry of Agriculture conduct overviews that analyze the producer and processor sectors, from the perspective of prices, yield, consumptions, productions, investments, added value and other major figures.

**2014 QUESTIONNAIRE FOR CASE STUDIES**

**1. Is there a monitoring entity of food prices, food price transmission and/or of contractual arrangements along the chain in your country? What is its name? When was it established? Does it look specifically at certain products/sectors?**

At the moment the Ministry of Agriculture has a contractual relationship with TNS Emor (http://www.emor.ee/) in order to fulfill the price monitoring and transmission obligations stemming from the common agricultural market regulations.

For analytical reasons they collect also other prices and conduct studies about our different food sectors (see question V above).

The Estonian Institute of Economic Research (http://www.ki.ee/) also works on contractual arrangements and can fulfill different types on works: analyzes concerning price levels, trends and forecasts in different sectors and chain segments (see question IV above).

**2. What is the rationale behind the existence of this monitoring entity? What does it add to what was done in the past in terms of monitoring food prices in your country?**

The monitoring entity has to provide information needed for regular and fast-track overviews of the market in order to have an input for policy decisions. The collection, analysis, transmission and publication of various data concerning the agricultural and agro-food sectors is based on an internal regulation which also incorporates the requirements of different EU level regulations governing the collection of prices of the market management products.

According to the regulation the ministry has to ensure that the abovementioned processes are fulfilled whether by the works of bodies controlled by the ministry or via contractual relationships selected according to public procurement procedures.

In Estonia we do not have any special bodies with such responsibilities so we have to conduct public procurements in order to find organizations for such kind of activities.

Until 2011 the collection, analysis, transmission and publication of the monitoring results was the responsibility of the Estonian Institute of Economic Research which had a contract with the ministry. As a result of the procurement conducted in 2011 the ministry concluded a four year (2011-2014) contract with the research company TNS Emor. The contracts object is the collection of prices for the European Commission services (regarding the market management products) and in addition other prices of agricultural and processed products that are relevant for monitoring at the internal market.

**3. Can you identify three key objectives of this institutional initiative? Have they been reached? Did you set up an assessment process? Can you describe experiences that were not as successful?**

The most important objective is the fulfilment of different EU regulations concerning the collection and transmission of market management product prices to the European Commission. So far this obligation has been duly conducted as we do not have received notes from the European Commission.

The second objective was to widen the collection of prices to products other than the market management products in order to have a better overlook of the situation of the internal market and provide this information to our agro-food sector.

The third objective was to answer the question “why” meaning that we wanted to have a look and an analyses behind the prices and statistics that would explain the reasons and consequences of the processes going on. It could be said that this is the most complicated part.

**4. Who are the "clients" of this monitoring entity: government, specific stakeholders along the chain, consumers? How do they use the tool to your knowledge?**
All the information that is collected by TNS Emor is available for free. The clients are government officials, agro-food sector stakeholders, academic workers and consumers. The information is put on the homepage of the Ministry of Agriculture and TNS Emor.
The agro-food organizations use this information in order to get a general perspective about the prevailing trends in the sector.

**5. What is the cost of getting this monitoring entity up and running in terms of:**
**- Involvement of ministries, statistical offices, stakeholders along the chain**
**- Financial implications for its regular functioning**
The total cost of the contract (2011-2015) concluded with TNS Emor is 600801,6 €. The ministry has to accept / agree with the works conducted and can give guidance in terms of how it sees the work could be improved.

**6. What are the future plans for this entity?**
Our objective when concluding contractual arrangements concerning the price monitoring system has to be more focused on the analytical part in order to better capture and explain the causes and consequences of different scenarios happening in the food chain.

**7. If you do not have such a monitoring entity, are data on food prices at different levels of the chain available publicly? Is food price transmission or transparency an important issue for your government, for consumers and for stakeholders along the chain? Is there a plan to set up a monitoring entity? Did you have one in the past and why did it stop operating?**

**8. Does the private sector have a demand for and willingness to provide greater transparency regarding price formation along the food chain according to your experience?**
There is more demand than willingness and the demand side usually comes up more actively during crises periods when the need for information is greater.

**9. Have you identified impediments to price transmission along the food chain? What policies do you think might help mitigate those impediments? Have policy actions been taken? For example, have measures been taken to ensure that food markets are competitive and integrated in your country? What is your assessment of their effectiveness? Are any future policy initiatives affecting relationships along the food chain in the pipelines?**
When speaking about unfair trading practices then the Estonian legislation does not include such a definition. But when answering the questions contained in the green paper on unfair trading practices we collected some input from our agro-food sector businesses and from the feedback we can conclude that the entrepreneurs are familiar with such practices because they identified some of the examples described by the European Commission in the green paper.
The second conclusion about different impediments along the food chain is that it is very hard to prove different cases where such practices have come up. Speaking of impediments always brings up the question of how to define "normality" or the check-list in order to identify the impediments.
The aim should be to improve the bargaining position of the weaker sides and to encourage them to take legal possibilities in cases where they feel unjust practices have occurred.

The problems nature also influences the possible solutions which can`t be straightforward.
The Ministry of Agriculture has two main levers which it can use in order to mitigate the impediments along the chain. The first one is the rural development program (2014-2020) which includes measures in order to support different co-operative initiatives. The second is already mentioned earlier which is providing the market and price information and trying to analyze different factors in order to make the food chain processes as transparent as possible.
It is possible that to some extent the involvement of national Competition Authorities is also needed.