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

Yes, in general these topics are important for several stakeholders.

- Ministry/Government wish to assure that food markets function well and that economic welfare losses are minimized.
- Research institutions study the topics, because it is an input in understanding how food market mechanisms function.
- The role of producer organizations and cooperatives can be important in the discussion about food price transmission.
- Consumers and consumers' organization want to be sure that food prices are not excessively high.
- Companies in the food value chain want to monitor price relations to see if markets and prices are balanced.

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

- The food crises, which resulted in increasing food prices for poor people in developing countries and hunger, caused awareness about food price issues globally and nationally.
- Asymmetric price transmission in the value chain: Some companies react differently when their purchase prices increase and decrease, so the companies may increase their profit, and consumers will pay too high prices.
- The impact of taxes on sugar and on fat products, which recently was phased out.

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 Department of Food and Resource Economics (IFRO) at University of Copenhagen made a survey in 2011 and 2013 about "The relations between agricultural and consumer prices", where price transmission was a major part. The survey was made for the Ministry of Food, Agriculture and Fisheries of Denmark.

In October 2011 the paper "Food price monitoring in Denmark" and the Danish surveys in this area were presented for Eurostat-DG Enterprise Workshop - Developing the Food Prices Monitoring Tool.

In 2008 and 2009 The Danish Competition and Consumer Authority (a part of Ministry of Business and Growth) published two reports about food prices in Denmark, and price transmission was an important part of that. In 2012 the Danish Competition and Consumer Authority published a report on retail sales and commercials, which included a focus on the overall effect on prices and competition in the retail sector.

In 2014 The Danish Competition and Consumer Authority has published two reports of relevance. One report concerns the price effect on selected food products affected by a food

tax "fedtafgiftens afskaffelse – Betydning for forbrugerpriserne?". The other report concerns the future development of the retail sector "Fremtidens detailhandel – Konkurrence og Forbrugeranalyse 01", which includes a focus on the competition between retailers and their suppliers, and the potential price effects.

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 producer organization Danish Agriculture and Food Council, and the consumer organization The Danish Consumer Council and other organizations are involved in similar activities – however with a less holistic approach. The organizations mostly participate in the public debate, comment on new statistics or publish short notes without making detailed investigations.

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.

Producer (farmer) prices are published – or collected – monthly by Statistics Denmark, and Danish Agriculture and Food Council. Wholesale, food industry and retail prices are also collected monthly by Statistics Denmark, and some data are available, while other data must be edited and purchased from Statistics Denmark.

The OECD Secretariat is preparing a report on food price formation for the November 2014 Working Party on Agricultural Policies and Markets (APM). A scoping paper (TAD/CA/APM/WP(2014)16) describing this project was presented at the May 2014 APM. In that context we are seeking some direct input from your delegation on the activities undertaken in your country to look at food price formation issues.

We are looking for information concerning the role of institutions in providing food price formation data and analysis.

Case studies based on countries' experiences will be presented in the paper. To prepare the case studies, would you please provide information on the following set of questions?

NB: If you answer positively to question 1, please answer question 2 to 6. If not, please answer question 7. In all circumstances, please answer questions 8 and 9 .

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?

There is no annual or systematic monitoring of food prices, food price transmission and/or of contractual arrangements along the chain in Denmark.

There are ad hoc surveys and reports. Food price transmission is a research topic of The Department of Food and Resource Economics (IFRO) at University of Copenhagen. IFRO occasionally publish reports on the subject. The Danish Competition and Consumer Authority (a part of Ministry of Business and Growth) have published reports on food prices, food price transmission and/or of contractual arrangement when they have observed a need for this.

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?

Ad hoc surveys of food price transmission include prices at up to 5 different stages in the value chain:

- World market prices
- Producer (farmer) prices
- Wholesale prices
- Food industry prices
- Retail prices

Producer (farmer) prices are published – or collected – monthly by Statistics Denmark, and Danish Agriculture and Food Council. Wholesale, food industry and retail prices are also collected monthly by Statistics Denmark, and some data are available, while other data must be edited and purchased from Statistics Denmark.

Food price transmission and transparency is a rather important topic in certain periods – in particular during food crises when consumer prices are rising. In 2008 and 2009 The Danish Competition and Consumer Authority published two reports about food prices in Denmark, and price transmission was an important part of that. The ratio between farmer and retail prices is often discussed by Farmers.

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?

Farmers and consumers – being at each end of the food value chain – often ask for more transparency in food price formation "from farm to fork". However, companies directly within the value chain seem to be less interested in more price transparency. Price information is mostly regarded as confidential data.

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?

According to The Danish Competition and Consumer Authority, a high concentration rate in the retail market is a negative parameter for food price formation. The concentration rate among Danish retail companies has increased, and this may result in higher efficiency, economies of scale and increasing market power and bargaining power.

A major impediment is that farmers' share of the final food product is declining, and that real food prices in the long run are declining. This means that the consumers are not able to determine if food retail prices have increased too much compared with the prices of the agricultural raw materials. And furthermore, consumers spend a declining share of their income on food, so the incentives to respond to price transmission are low.

In general it is difficult to enhance price transmission by political initiatives. Prices are supposed to be set by the market, and political or legal initiatives should not directly have an impact on prices. Political initiatives can assure a high level of competition, price transparency, efficient markets, infrastructure etc., and by that price transmission can be enhanced indirectly. Policy actions have been taken – such as publication of food prices in order to make prices more comparable. Reports and surveys by The Danish Competition and Consumer Authority can have an effect on the transparency of food- and retail markets.

Asymmetric and slow price transmission is not – per se – illegal, and companies in the food value chain have the right to maintain a high selling price even though the prices of raw materials have fallen. However, companies are not allowed to abuse a dominant market position and to coordinate prices with competitors, but this can be very difficult to prove.