

The EU supply chain and the role of private labels

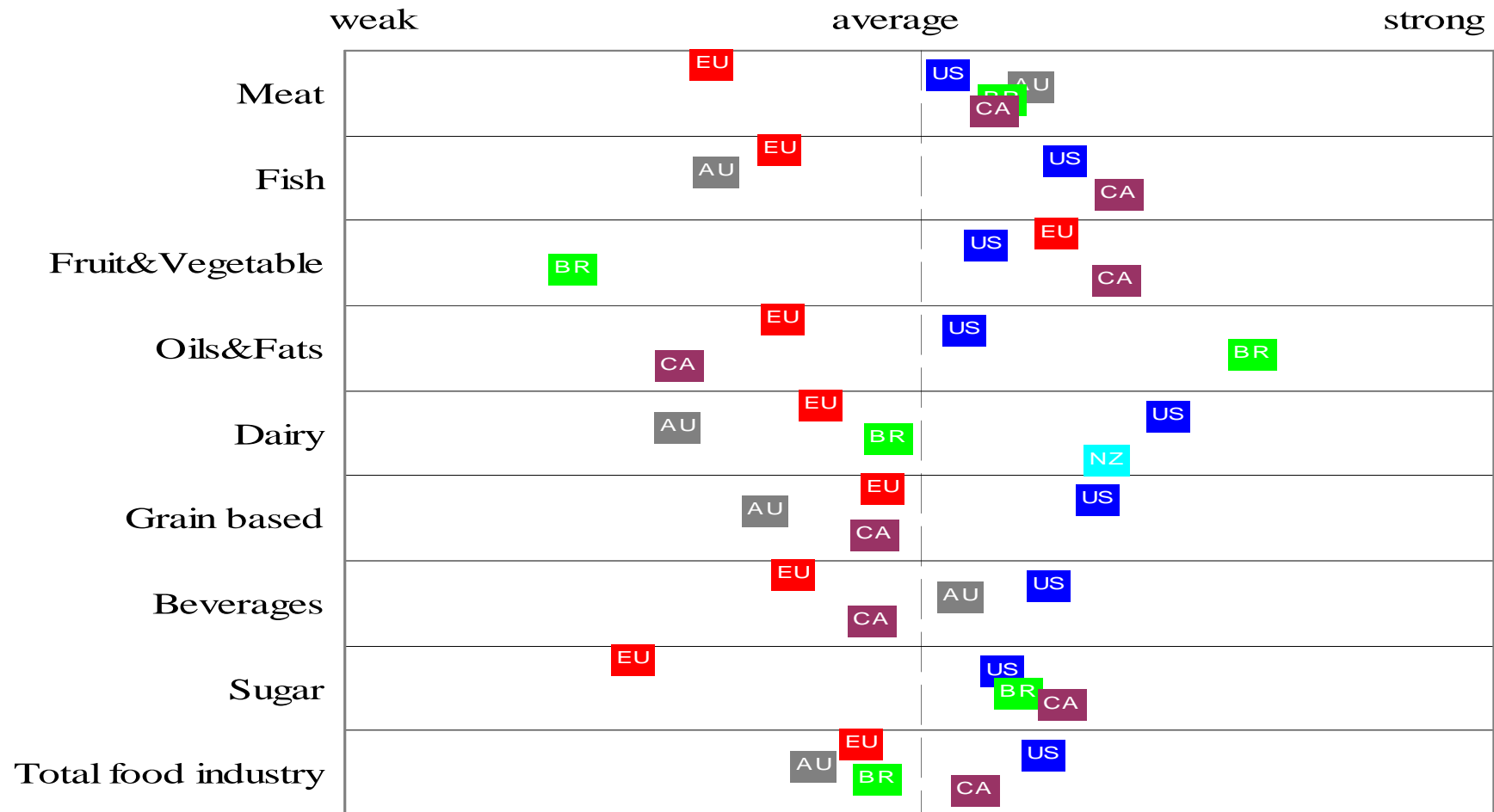
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Actions to boost competitiveness

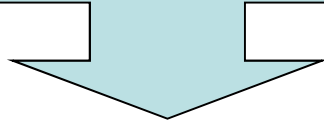
- Why actions are needed?
- Recent initiatives at EU level:
 - “High Level Group”
 - “Market monitoring”
- Forthcoming initiatives: The forum on the efficiency of the food supply chain

1.- Why actions are needed? Competitiveness of the sub-sectors



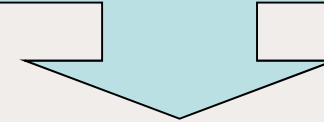
2.- Recent Initiatives at EU level

Lisbon strategy / EU 2020
Industrial competitiveness



**High Level group
on the competitiveness
of the Agro-Food Industry**

Single market
Single market review

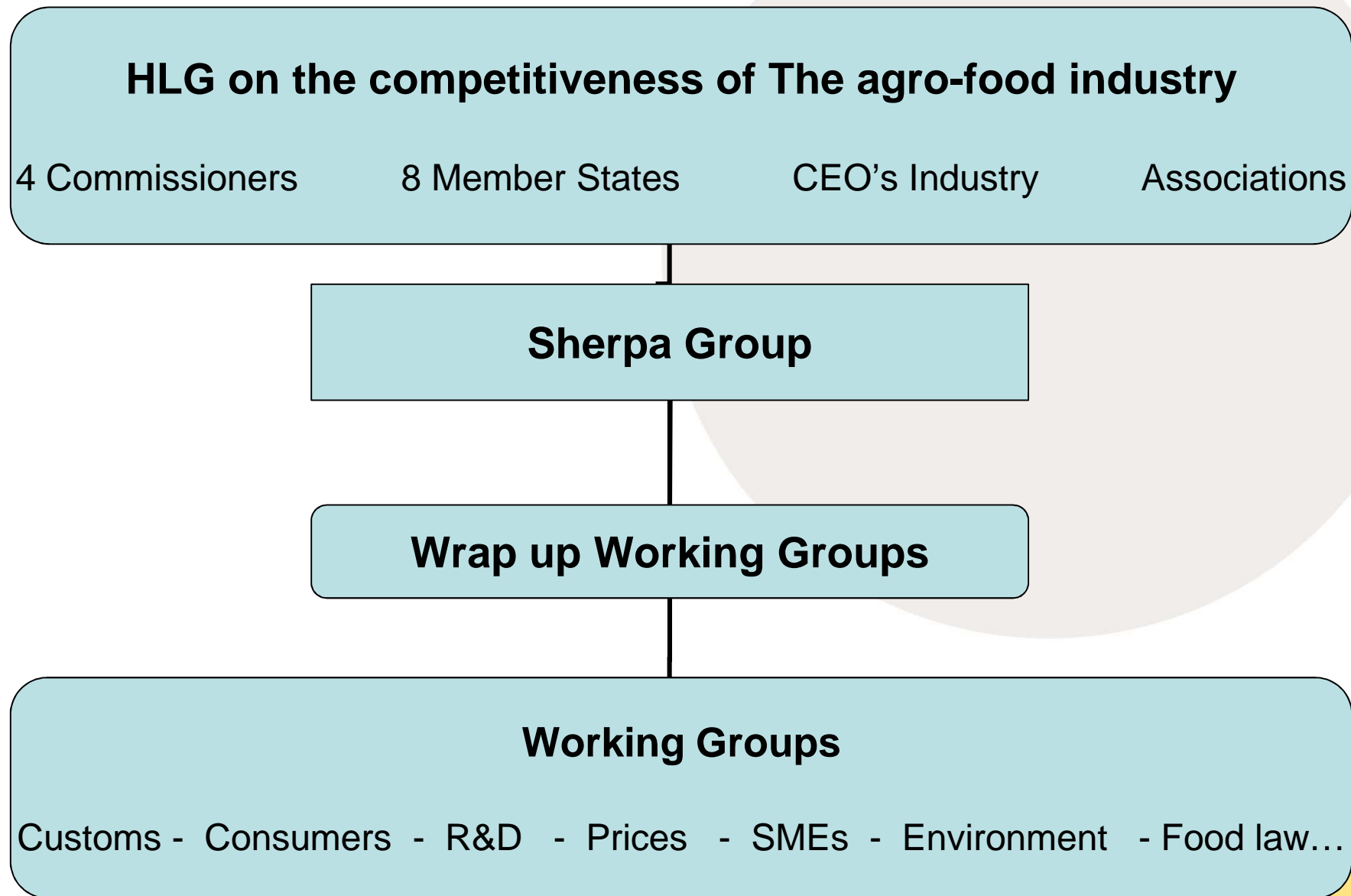


**Market monitoring:
Food**

*Different by nature
Independent
Complementary*

The High Level Group on the competitiveness of the European Agro-Food Industry

- As a follow up to the 2006 **study** and the **conference** Promoting the leadership of the Agro-food Industry (September 2007), the HLG on the competitiveness of the European Agro-Food Industry was **set up** by Commission Decision of 28 April 2008 (2008/359/EC)

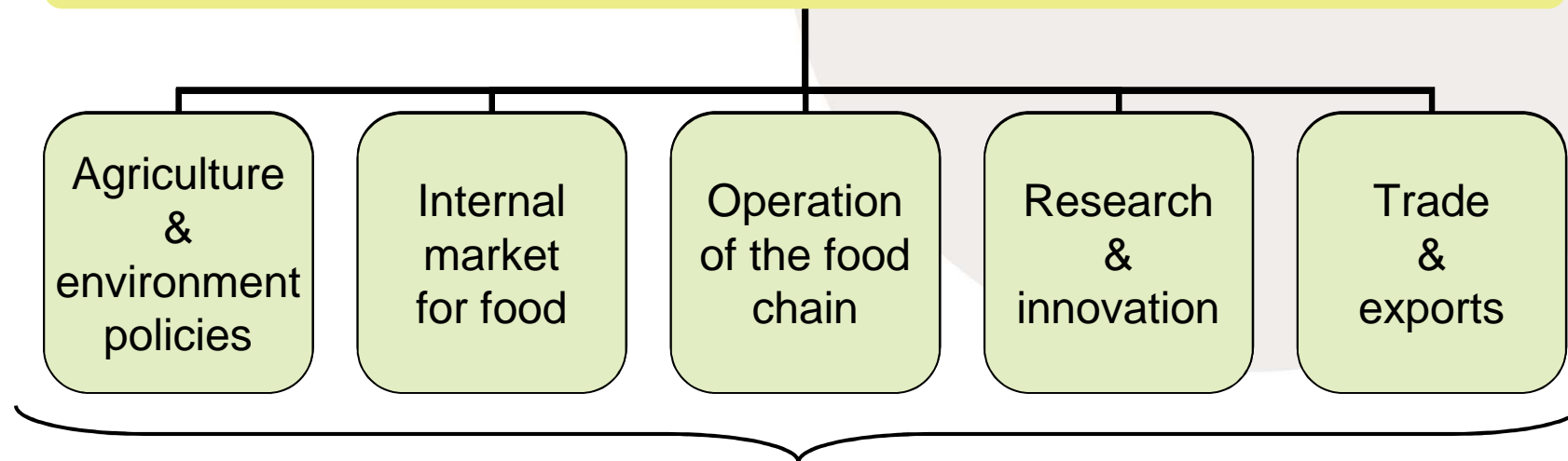


Mandate of the HLG

- Identify the factors, future challenges and trends that can influence the competitive position of the EU Agro-Food Industry
- Formulate recommendations for actions over the short, medium and long term in public policy and the regulatory framework

Final report of the HLG: recommendations for actions

Integrated approach covering 5 areas of interest



- 30 policy recommendations (March 2009)
- **Roadmap of key initiatives** (July 2009)

Recommendation 16

Related to private labels

Discussions about Private labels within the HLG

- Private labels widen the range of available products, however they may lead to foreclosure effects
- Given the proliferation of the retailers' private labels, retailers have become direct competitors to the agro-food processing industry

Discussions within the HLG around Private labels

- A contentious issue
- Pros & cons as identified by food companies in the HLG:
 - Access to markets, internationalisation
 - Innovation and quality standards
 - Consumer deception
 - Risk of high substitutability of production companies

Recommendation 16: Private labels

- Conclusion of the HLG:

Lack of adequate data and information to draw well founded conclusions. That is the reason of the formulation of **Recommendation 16:**

Private labels

Recommendation 16: Study the effect of private labels on the competitiveness of the European agro-food industry

The European Commission should study the effect of private labels on the competitiveness of the agro-food industry, in particular on SMEs, and examine ways to reduce if appropriate, the imbalances of power in the food supply chain.

Private labels

- The Commission launched a call for tender (open procedure) in order to analyse this question. The set of tendering documents was published on EUROPA on 29/06/09.
- **Landbow-Economisch Institute (LEI) B.V** was the selected tender to carry out the study.

Private Labels

- Mains research issues:
 - Critical analysis of relevant studies at European and National level
 - Economical study of the structure and relationship among the actors of the food supply chain
 - Assessment of the EU and national legal framework already in place with influence on this issue

Private labels

The final report is expected in
June 2010

Mid-term report

- The impact of private labels on the value of industrial brands
- To indentify a possible gap in legislation or enforcement

Mid-term report

Legal framework

- Competition law
- Codes of conduct
- Intellectual property law
- Producer indications

Mid-term report: Analyzing the hypotheses

- Data analysis on basis of national statistics and scanner data if available
- Interviews
- Country selection
 - General description: EU
 - More detailed analysis: DE, FR, HU, IT, NL and UK

Market Monitoring

- A new tool designed by the Commission to study in depth sectors of particular concern (large sectors showing sub-optimal economic performance)
- Food was among the first set of sectors identified
- Conclusions = communication

Communication on 'a better functioning food supply chain' Policy recommendations (COM (2009) 591)

1. Unfair contractual practices across the chain
2. Common approach to competition issues (national level)
3. Transparency in agricultural commodities derivatives markets
4. European food prices monitoring tool
5. National food retail prices comparison services
6. Address territorial supply constraints
7. Adoption of the revised labelling rules by EP
8. Review of environmental and origin labelling rules impeding cross-border trade + harmonise implementation of food safety standards
9. Restructuring and consolidation of the agricultural sector
10. Support to food SMEs, innovation and export

3.- Forthcoming initiatives

- Follow the 30 HLG recommendations
- Implement the initiatives presented in the Communication
- Extend the composition and mandate of the High level group to create a forum
- Establish a dialogue on B2B contractual relationships

Forum on the efficiency of the food supply chain

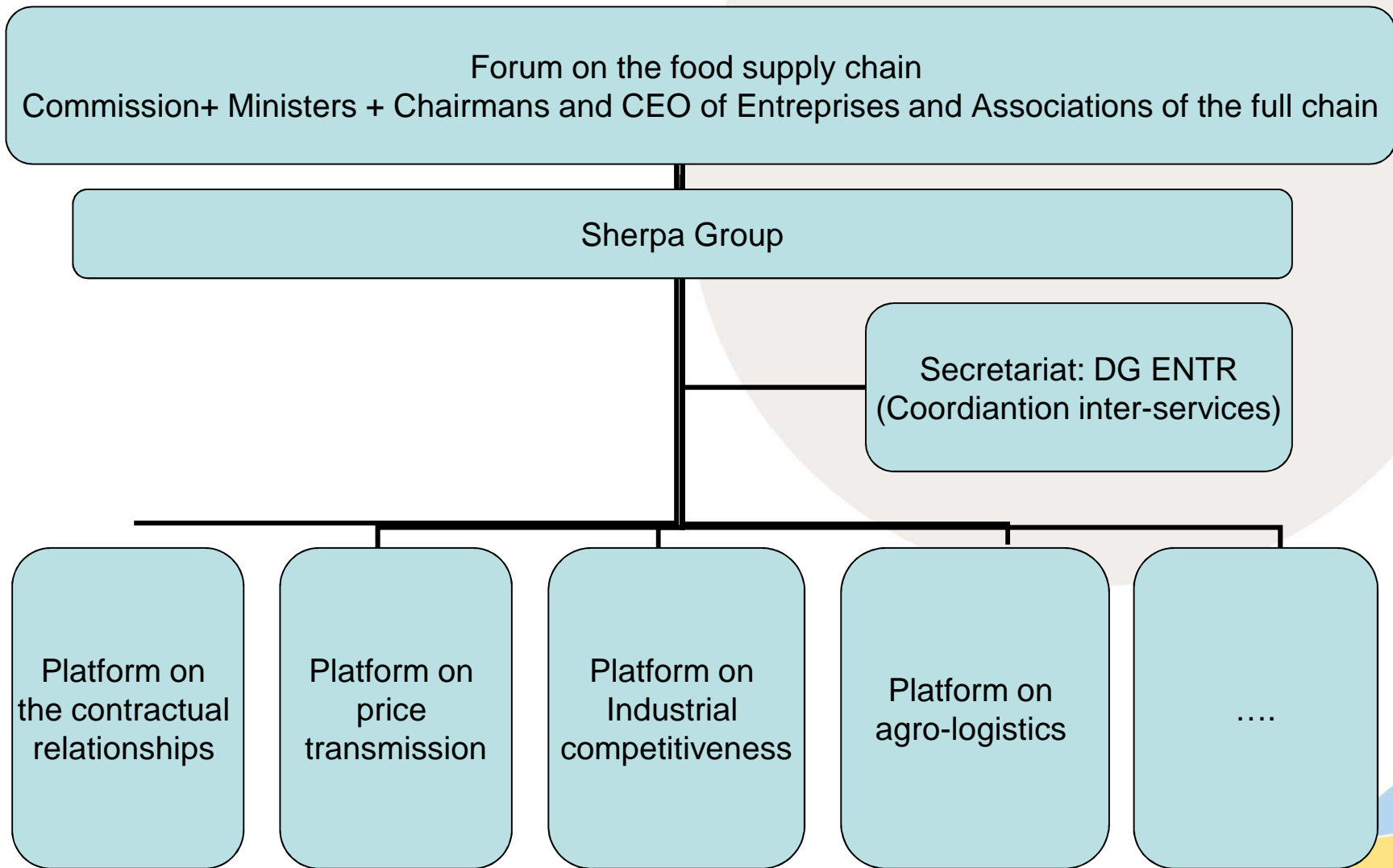
- The **mandate** and the **composition** of the HLG will be extended.

Extension of the composition

- To provide a holistic approach of the food supply chain, the retail sector will be more represented in the forum than it was in the HLG.
- That will allow to discuss the policy recommendations coming from the Communication.

Extension of the mandate

- To assure **consistency** with both the recommendations of the HLG and the conclusions of the market monitoring on food



Other features of the forum

- **Commissioners involved**
 - MM. Tajani, Barnier, Dalli & Cioloş
- **Commission services involved**
 - DGs Enterprise, Agriculture, Health & consumer, Internal Market, Competition, Eurostat, Transport...
- **Tentative timetable**
 - Commission Decision before Summer
 - Sherpas to start immediately after decision
 - First meeting at high level will probably be in Fall

Platform on Contractual relationships

- Establish a dialogue at EU level on the relationships among the players in the food chain.
- Identify parameters of importance for the good functioning of the food chain.
- Possibly establish a code of conduct.
- Private labels are only one of the aspect that will be addressed in this context.



Thank you for your attention

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