

From: Benner mr P.J.H. [mailto:P.J.H.Benner@nmanet.nl]
Sent: Wednesday, February 17, 2010 3:05 AM
To: ATR-Agricultural Workshops
Subject: Agriculture and Antitrust Enforcement Issues in Our 21st Century Economy

Dear colleague

On your website I read that the U.S. Department of Justice and the U.S. Department of Agriculture will hold a series of joint public workshops to explore competition issues affecting the agricultural sector.

One of the subjects dealt with is the discrepancies between the prices received by farmers and the prices paid by consumers.

As you may be aware the Netherlands Competition Authority recently published a report offering an insight look into the costs and margins in the food production chain in the Netherlands, from producer to supermarket, for these products: potatoes, onions, cucumbers, bell peppers, apples, bread and eggs.

For your information I enclosed a link to this study and the press release. The report can be downloaded via this link:

- o http://www.nmanet.nl/engels/home/News_and_publications/News_and_press_releases/Webberichten/NMa_published_English_translation_of_study_Pricing_in_the_Agri-food_sector.asp
- o http://www.nmanet.nl/engels/home/News_and_publications/News_and_press_releases/Press_2009/09-31_NMa_increases_transparency_of_price-formation_mechanism_in_food_production_chain.asp

The report is available in English.

Should you have any questions, please do not hesitate to contact me. My contact details are listed at the bottom of this email.

Kind regards

Paul Benner

P.J.H. (Paul) Benner
Programme Manager Industry & Agriculture
Netherlands Competition Authority/
Competition Department
P.O. Box 16326, 2500 BH The Hague, The Netherlands
T: + 31 70 330 17 21
F: + 31 70 330 33 70
E-mail: P.J.H.Benner@nmanet.nl
Internet: www.nmanet.nl

 Please consider the environment before printing this email.

NMa increases transparency of price-formation mechanism in food production chain

09-31 / 12-02-2009

A study carried out by the Netherlands Competition Authority (NMa) has offered insight into the costs and margins in the food production chain in the Netherlands, from producer to supermarket, for these products: potatoes, onions, cucumbers, bell peppers, apples, bread and eggs. The NMa looked into the price-formation mechanism in the Dutch food and agro-processing industry. Its study's main conclusions reveal that in the period of 2005-2008, supermarkets were unable to unilaterally raise prices profitably at the expense of producers and consumers. The retail prices of these products largely consist of costs of wholesalers and supermarkets.

The NMa would like to sit down with senior representatives of the food and agricultural industry and discuss these results with them in round-table discussions. Pieter Kalbfleisch, chairman of the Board of the NMa explains: 'We hope we can use this study to initiate a thorough discussion on how these chains function, ultimately leading to making the food and agro-processing industry more transparent.'

Furthermore, the study reveals that the retail price in supermarkets is many times higher than the price at the producers' level, and that supermarkets have the highest margins in absolute terms compared to other links in the chain. However, the NMa would like to point out that, in relative terms, supermarkets do not have the highest margins on retail prices, compared to producers and wholesalers, except for cucumbers, bell peppers and onions. Supermarkets have thus earned the most on these latter products, but at the same time have been unable to unilaterally raise these products' prices profitably.

The NMa launched the study because of the rise of food prices in the last couple of years and because of the indications it has been receiving from, among others, the Dutch Consumer Association (Consumentenbond) and the Dutch Federation of Agriculture and Horticulture (LTO). The NMa looked into the levels of retail prices, costs, and margins in various links of the production chain. It then analyzed the development of the retail prices and margins for the period of 2005-2008. It also assessed whether any of the links in the production chain was able to improve its margins by unilaterally raising its prices.

However, by publishing these results, the NMa does not lay down any official ruling within the context of enforcing the Competition Act. By making the price-formation mechanism in the studied production chains transparent, the NMa wants to stimulate competition in the food and agro-processing industry.

In its Agenda 2008-2009, the NMa designated the food and agro-processing industry as a priority industry. That is why the NMa has been quite active in this industry recently, as reflected by the dawn raids it carried out at eight undertakings specialized in selling fruit and vegetables – the results of which are expected to be released in the second half of 2010.

Relevant information (available in Dutch):

Bijlage 1: NMa-rapportage 'Prijsvorming in de agri-food sector' [1324 Kb]

Bijlage 2: LEI-rapportage 'Prijsvorming van voedingsproducten' [802 Kb]

Note to the editor: For more information, please contact the NMa press officers: Ms. Barbara van der Rest-Roest at +31 70 3303362 or +31 622793063 (outside office hours) or Mr. Paul Trienekens at +31 70 3305068 or +31 643004971 (outside office hours). Alternatively, you can send an email to the NMa press office at pers@nmanet.nl.

Business queries can be submitted to the NMa Information Line by phone at +31 70 3301306 or by email at info@nmanet.nl. If you require consumer advice, please contact the Dutch consumer helpline ConsuWijzer at +31 88 0707070 or visit www.consuwijzer.nl (in Dutch).

Dit bericht kan informatie bevatten die niet voor u is bestemd. Indien u niet de geadresseerde bent of dit bericht abusievelijk aan u is toegezonden, wordt u verzocht dat aan de afzender te melden en het bericht te verwijderen. De Staat aanvaardt geen aansprakelijkheid voor schade, van welke aard ook, die verband houdt met risico's verbonden aan het elektronisch verzenden van berichten.

This message may contain information that is not intended for you. If you are not the addressee or if this message was sent to you by mistake, you are requested to inform the sender and delete the message. The State accepts no liability for damage of any kind resulting from the risks inherent in the electronic transmission of messages.

=====

Bezoekt u het kerndepartement van het ministerie van Economische Zaken of de Nederlandse Mededingingsautoriteit (NMa)? Houd er dan rekening mee dat u een geldig identiteitsbewijs (paspoort, ID-kaart of rijbewijs) dient te tonen. Indien u bij de receptie geen geldig identiteitsbewijs kunt tonen, wordt u geen toegang verleend. Legitimatiebewijzen en toegangspassen van andere organisaties worden niet geaccepteerd.

=====