



International Comparisons of Product Supply Chains in the Agro-Food Sectors: Determinants of their Competitiveness and Performance on EU and International Markets

COMPETE is a collaborative research project supported by the European Commission's Seventh Framework Programme (Contract No 312029). The project runs over the three-year period 2012-2015.

General Objective of COMPETE

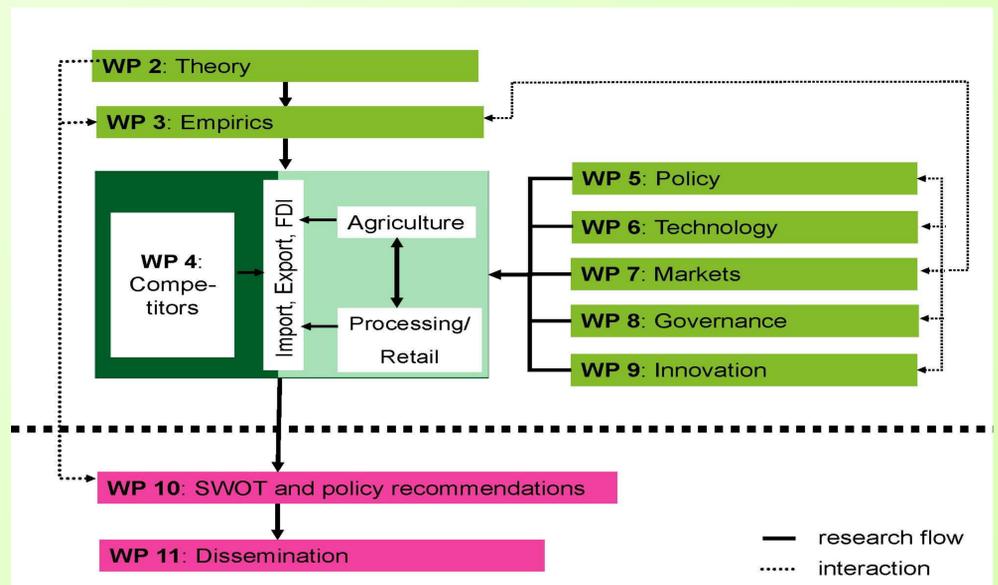
To gain comprehensive view of the different elements that contribute to the competitiveness of the European agri-food sector in order to provide better targeted and evidence-based policies at the EU as well as at the national level, and to promote the Knowledge Based Bio-Economy in Europe.

Particular attention will be given to the determinants of competitiveness, how they have evolved over time and how they have shaped the position of companies and countries in selected EU agri-food chains. These findings are used to discuss possible future developments and to deduce policy recommendations.

Interim results

- The EU-27 countries lost shares on the global agri-food markets due to more rapid export value growth by emerging countries, e.g. BRICS, however at the same time they are successfully competing through price and quality competition thereby increasing their total agri-food export value
- Good functioning institutions as well as the exposure to international competition increase firms' productivity and the quality of products
- Among the most successful member states in agri-food export competitiveness on global markets are Germany and Denmark, which have benefited from both good governance and policy implementations, while bad performing EU countries, like Romania and Greece, in international trade have faced significant problems in governance structures
- Technological change was identified as an important factor that contributed to a positive trend in total factor productivity across all EU member states
- Significant differences among the EU countries in regards to total factor productivity still exist, in particular in the dairy, milling, fruit and vegetables, and slaughtering sectors, and new member states have troubles catching up to the level of the EU-15 countries

Structure of the COMPETE project



- Asymmetric price transmission in farm–retail relationships is more likely to occur in sectors/countries with more fragmented farm structure, higher governmental support and more restrictive regulations on price controls in the retail sector
- Abuse of market power by larger processing companies was found on all analysed EU input markets (slaughtering, fruits and vegetables, dairy, and milling) and some output markets, in particular the slaughtering sector, resulting in income drawbacks for farmers and higher consumer prices
- Surprisingly large divergences in prices and price/inflation rate between the national EU markets for milk, poultry, beef, and eggs as a result of market inefficiencies of the Common Market still exist today
- The New Member States still have capacities to increase their agri-food value chains' competitiveness by improving efficiency-driven factors, while the more competitive EU agri-food value chains of old member states can only improve further through innovations
- EU policy framework has to align to the interests of the entire agri-food chains and be more flexible to allow specific targeting and thus foster competitiveness best

COMPETE Consortium brings together academics, trade bodies, NGOs, agricultural co-operative, industry representative advisory services from 10 European Countries:

	Leibniz-Institut für Agrarentwicklung in Transformationsökonomien, IAMO, Germany – Project Coordinator		Magyar Tudományos Akademia Kozgazdasag - es Regionalis Tudomanyi Kutatokozpont, Hungary
	Institute of Agricultural Economics, Romania		Uniwersytet Warszawski, Poland
	Wageningen University, The Netherlands		Vod Jetrichevec, DRUZSTVO, Czech Republic
	Univerza na Primorskem Universita del Litorale, Slovenia		Potravinarska Komora Ceske Republiky, Czech Republic
	Ceska zemedelska univerzita v Praze, Czech Republic		Balkan Security Network, Serbia
	Università degli Studi di Milano-DEMM, Italy		Asociația Română de Economie Rurală și Agroalimentară, Virgil Madgearu, Romania
	University of Newcastle upon Tyne, United Kingdom		Bundesvereinigung der Deutschen Ernährungsindustrie e.V, Germany
	Ekonomiski Fakultet, Univerzitet u Beogradu, Serbia		Federazione Italiana dell' Industria Alimentare Associazione, Italy