

Household purchasing power, inflation, and Food Safety

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28-29.11.2023

Brussels



SAFE Food Advocacy Europe was created with the aim of ensuring that consumers' health and concerns remain at the core of the EU's food legislation, while working actively towards the protection of most vulnerable consumers and households.

SAFE is currently the only Brussels-based NGO **specialised** in the protection and representation of **EU consumers** in the **food sector**.

SAFE represent **44** national organisations in **20** Member States

Pillars



We strive to protect and advance consumers' rights in EU food policy.

SAFE's actions and commitments are based on three main pillars:

HEALTH

ENVIRONMENT

INCLUSION

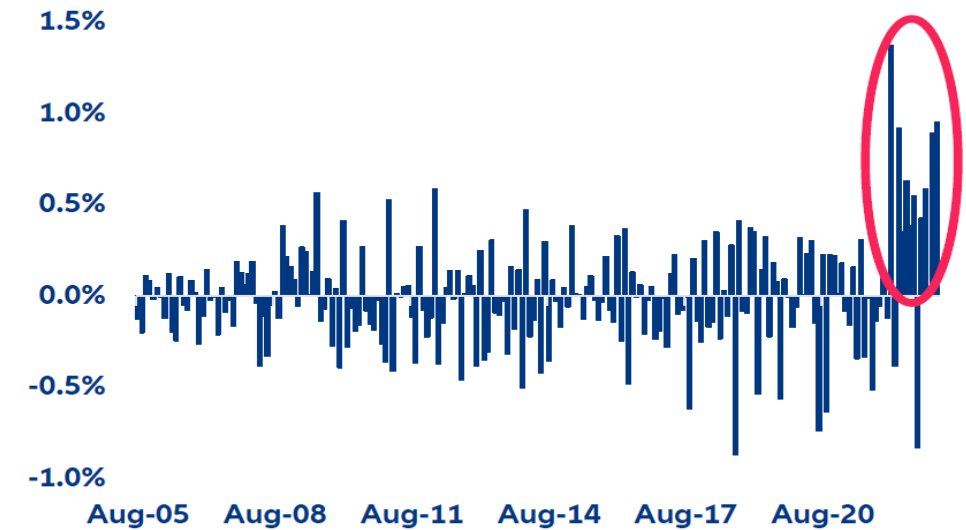
The state of inflation in Europe

- Inflation in Europe has been primarily driven by rising energy prices in 2022, but recently **food inflation has become the main driver and contributor to price rises.**
- Food inflation had a different impact on Member States, with some MSs experiencing a peak at up to 50%. Yet, in the last months, the **figures became more homogenous, suggesting this has become a structural trend.**
- **The annual food inflation rate was above 7.6% in 14 EU member states, including Greece, Belgium, Spain and France.**
- **Looking at just rate of food and non-alcoholic beverages inflation in the EU, the figures varied from 3.7% in Denmark to 10.4% in Greece in October 2023**
- It is estimated that **households in the Euro area have already lost between 1.1% and 9.2% of purchasing power over the past year.** Consumers had cut costs and make cheaper and less qualitative food choices.

Who benefits from the crisis?

- **Retailers:** Retailers have raised their prices by +12% y/y and have passed most of their costs onto customers.
- **Food producers:** Food inflation is also driven by food producers who have raised their prices by +17% y/y. Packaged food actors have increased their prices the most.
- Studies shows that “unexplained inflation” on food prices has **importantly grown**, which can be echoed with increased margins for food producers and retailers.
- **Results:** Important disparities arise between Member States and tends to **make disadvantaged consumers in poorer countries more vulnerable**, which already had fewer purchasing opportunities pre crisis.

Figure 12: Eurozone - unexplained component of our food inflation model



Sources: Refinitiv, Allianz Research



Who has been hit by the crisis?

Italians eat less fruit and vegetables: 'Five portions are out of fashion'.

At the dinner table, **one in five Italians**, especially baby boomers (over 60s) and those from the **lower social classes**, say they have **lost** all references to **identity**, even abandoning the dictates of **traditional culture, typicality and territory**.

It is the ability to **eat properly according** to the principles of a **healthy diet**, not **food safety** in the traditional sense.

SAFE calls for:

To empower consumers and protect their purchasing power, SAFE advocates for:

- The introduction of price control mechanisms (i.e., price caps, anti inflation baskets, ...) and the support to Member States instigating them.
- A direct and systemic monitoring of the effects of inflation on foodstuff and its effects on consumers' behaviors.
- The development of effective tools in tracing the origin of food price increases to prevent unexplained inflation that would leave a vacuum while harming consumers.
- The introduction of the infringement of unfair practice for unjustified price increases.



THANK TO ALL

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