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Influence of Agricultural Commodity Prices on Food Prices Wanes

Franz Sinabell

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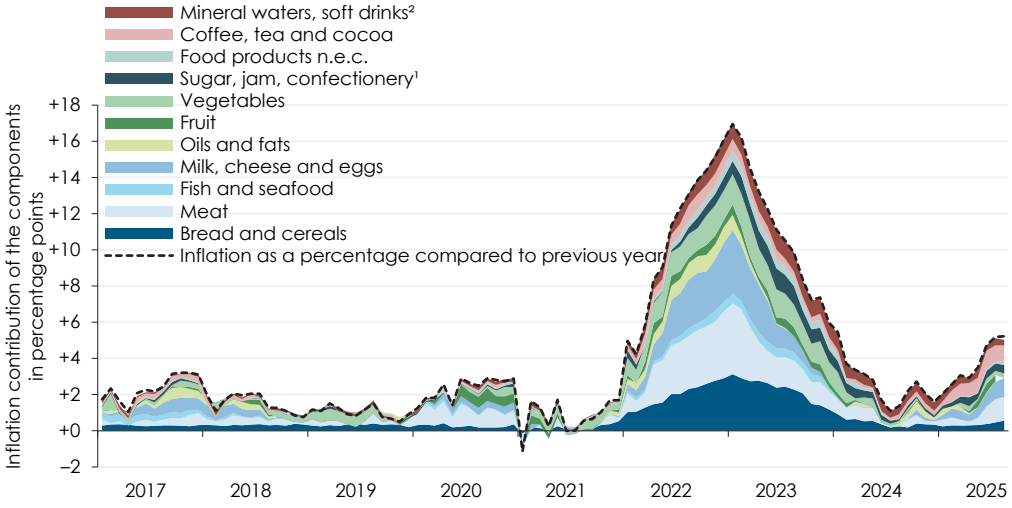
- Aggregated performance indicators for the Austrian agricultural sector show only minor changes compared to the previous year, although there were strong movements in individual markets, such as that for sugar beet.
- Although the production volume and prices for agricultural goods fell compared to 2023, income in the agricultural sector increased again slightly as environmental subsidies were expanded.
- The import surplus for agricultural goods and food reached a new high of over 2 billion € in 2024, after the trade balance had been almost balanced in the years 2020 to 2022.
- Production in the forestry sector was higher in 2024 than in the previous year, although timber prices fell. As a result, the economic success factors hardly changed.
- A closer look at the components that lead to changes in food prices shows a dwindling influence of agricultural commodity prices in general. However, shortages of raw materials from foreign countries are currently partly responsible for the price increase.

Composition of inflation for food and non-alcoholic beverages



After peaking in 2022 and 2023, the rise in food prices has picked up speed again. Products made primarily from domestic raw materials, such as flour and bread, are currently barely contributing to the price increase. In contrast, cocoa and coffee have become much more expensive since 2024. In July 2025, the food inflation rate was 5.2 percent and thus higher than overall inflation (source: WIFO calculations; WDS – WIFO Data System, Macrobond; Statistics Austria, consumer price index (CPI or HICP). – [1] Sugar, jam, honey, chocolate, confectionery. – [2] Mineral water, soft drinks and juices).

"The Austrian federal government's proposal for more transparency in food prices goes in the direction of price monitoring as in France. There, the composition of prices for a large number of foodstuffs has already been shown in detail for over a decade."

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September 2025

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Key aggregate figures on Austria's agriculture and forestry sectors show little change for 2024 compared to the previous year, although there were significant fluctuations in individual commodity markets, such as sugar beet. In foreign trade in agricultural goods and foodstuffs, imports expanded considerably once again. One important reason for this was the rise in the price of coffee, cocoa and tropical fruits, which is increasingly responsible for the current high inflation in food and beverages. Following a period of exceptionally high prices for domestically produced agricultural goods in the wake of the turmoil on international markets in 2022, the price level of cereals and other plant products has fallen significantly. The fall in agricultural commodity prices is only reflected in food prices with a delay and to a lesser extent. Data on food retail purchase prices provide more detailed insights into pricing dynamics. The influence of agricultural commodity prices is declining as other cost items gain in importance.

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1. Income in agriculture slightly higher in 2024, in forestry imperceptibly lower than in the previous year

While key figures for the agricultural sector show hardly any changes compared to the previous year, there were significant movements in individual goods markets.

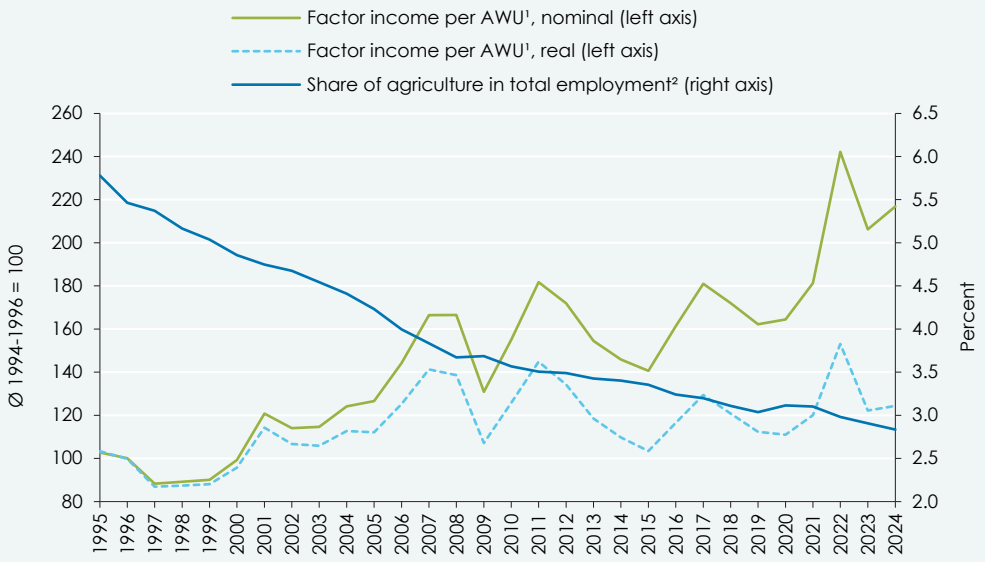
In 2024, factor income in Austrian agriculture increased by 2.7 percent to just over 3 billion € following the severe slump in the previous year (around –600 million €; Sinabell, 2024). As the number of employees fell again (–2.3 percent), the increase in income per annual labour unit was 5.1 percent in nominal terms and 2.8 percent in real terms compared to the previous year. Factor income per annual work unit (AWU) thus returned to the level measured around 20 years ago (Figure 1).

Factor income in the Austrian forestry sector fell by 1.4 percent year-on-year to 1.1 billion € in 2024. As employment increased slightly, factor income per annual work unit was 3.8 percent lower, but at 61,810 € remained more than twice as high as in agriculture (26,480 €).

The number of persons employed in agriculture in 2024 was just under 116,000 annual work units. After stabilising in 2020 and 2021, the rate of labour decline is now back in line with the trend observed in the past. In the forestry sector, employment increased by 2.6 percent to over 18,000 full-time employees in 2024. The number of employees there fluctuates by around 1,000 to 2,000 persons from year to year, as damaging events repeatedly lead to unplanned work peaks.

In the European Union, agricultural income per AWU in 2024 rose at roughly the same rate as in Austria, although there were major differences between the countries (Figure 2). Romania (–19 percent) and Hungary (–10 percent) recorded particularly significant declines, while Latvia (+34 percent), Ireland (+32 percent), Luxembourg (+25 percent) and Sweden (+24 percent) recorded exceptional increases. Although the prices of important agricultural goods are very similar within the EU and usually change in the same direction, agricultural incomes develop very differently from year to year. This is mainly due to country-specific fluctuations in the yield of important crops and payments to support income or compensate for damage.

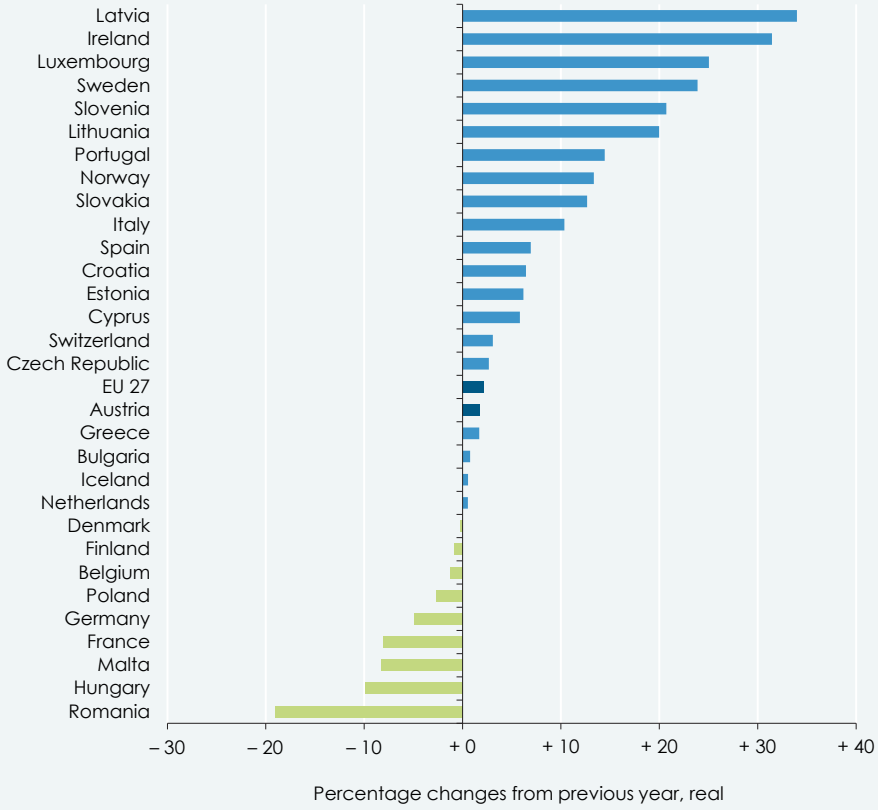
Figure 1: **Factor income in agriculture and share of agriculture in the labour force**



Source: STATcube – Statistical database of Statistics Austria, EAA01 Economic Accounts for Agriculture, values at current prices (in million €) from 1995, data as of July 2025; WIFO calculations. – [1] AWU: agricultural labour input (paid and unpaid) measured in annual work units or full-time equivalents (number of jobs converted to normal working hours). – [2] Measured in full-time equivalents.

Figure 2: **Indicator A: Index of Factor income per annual work unit in agriculture**

2024



Source: Statistics Austria, Economic Accounts for Agriculture, as at July 2025; Eurostat, Economic Accounts for Agriculture – Income of the agricultural sector (indicators A, B, C), data as at August 2025, data retrieved on 5 September 2025; WIFO calculations. AWU: agricultural labour input (paid and unpaid) measured in annual work units or full-time equivalents.

2. Production value of agriculture and forestry slightly lower in 2024

The production value of agriculture decreased slightly in 2024, with both production volumes and prices falling.

In 2024, the production value of Austrian agriculture totalled just under 10 billion € (in value terms) and was therefore 2.1 percent lower than in the previous year. Increases in secondary activities (inseparable) by 6.5 percent and agricultural services by 2.7 percent could not compensate for the reduction in the production of crop output (–5.8 percent) and animal output (–0.1 percent).

In crop production, there were hardly any changes for most goods compared to 2023, with production volumes decreasing by 0.4 percent and prices falling by 1.7 percent. The production of sugar beet (+28 percent), potatoes (+22 percent) and protein crops (+12 percent) increased significantly. While the price of protein crops hardly differed from the previous year, prices of sugar beet fell by almost 52 percent and those of potatoes by 13 percent.

Table 1: **Production, value added and income in Austrian agriculture**

		Value				Volume	Prices
		2022	2023	2024	2024	2024	2024
			Million €		Percentage changes from previous year	2023 = 100	
Production value at producer prices							
Crop output[1]		5,098	4,415	4,157	– 5.8	97.8	96.3
+ Animal output		4,479	4,739	4,732	– 0.1	101.1	98.8
= Agricultural goods output		9,577	9,154	8,889	– 2.9	99.5	97.6
+ Agricultural services output		415	416	427	+ 2.7	98.7	104.0
= Agricultural output		9,993	9,570	9,317	– 2.6	99.5	97.9
+ Secondary activities (inseparable)		580	624	665	+ 6.5	102.4	104.0
= Output of the agricultural "industry"		10,573	10,194	9,982	– 2.1	99.6	98.3
Production value at basic price							
Crop output		5,091	4,408	4,151	– 5.8	97.8	96.3
+ Animal output		4,485	4,745	4,739	– 0.1	101.1	98.8
= Agricultural goods output		9,575	9,152	8,889	– 2.9	99.5	97.6
+ Agricultural services output		415	416	427	+ 2.7	98.7	104.0
= Agricultural output		9,991	9,568	9,317	– 2.6	99.5	97.9
+ Secondary activities (inseparable)		580	624	665	+ 6.5	102.4	104.0
= Output of the agricultural "industry"		10,571	10,193	9,982	– 2.1	99.7	98.3
– Total intermediate consumption[1]		6,126	5,861	5,647	– 3.6	101.8	94.7
= Gross value added at basic prices		**4,446**	**4,332**	**4,334**	**+ 0.1**	**96.8**	**103.4**
– Fixed capital consumption		2,453	2,658	2,731	+ 2.8	100.6	102.2
= Net value added at basic prices		**1,992**	**1,674**	**1,603**	**– 4.2**	**90.7**	**105.6**
± Balance of other taxes, other subsidies on production		1,573	1,314	1,466	+ 11.6		
= Factor income or Net value added at basic prices		**3,565**	**2,988**	**3,069**	**+ 2.7**		
Factor income per annual work unit[2]	**1,000 €**	**29,58**	**25,19**	**26,48**	**+ 5.1**		

Source: STATcube – Statistical Database of Statistics Austria, LGR01 Economic Accounts for Agriculture according to ESA 2010, at current prices, revision status July 2025; WIFO calculations. – [1] Including feed produced and consumed on the farm. – [2] AWU: agricultural labour input (paid and unpaid) measured in annual work units or full-time equivalents (number of jobs converted to normal working hours).

In livestock production, the production volume increased slightly by 1.1 percent, but prices fell by 1.2 percent, meaning that the production value decreased slightly compared to the previous year. With the exception of beef production, which fell by 1.1 percent, production increased in all areas of animal output, particularly in the "other animals" category (+3.9 percent), which includes poultry, sheep, goats and solipeds. Milk production rose only slightly by just under 1 percent. Higher prices were achieved for beef and poultry meat. However, milk was sold at a lower price (–2.2 percent) and pork prices were almost 6 percent lower than in 2023.

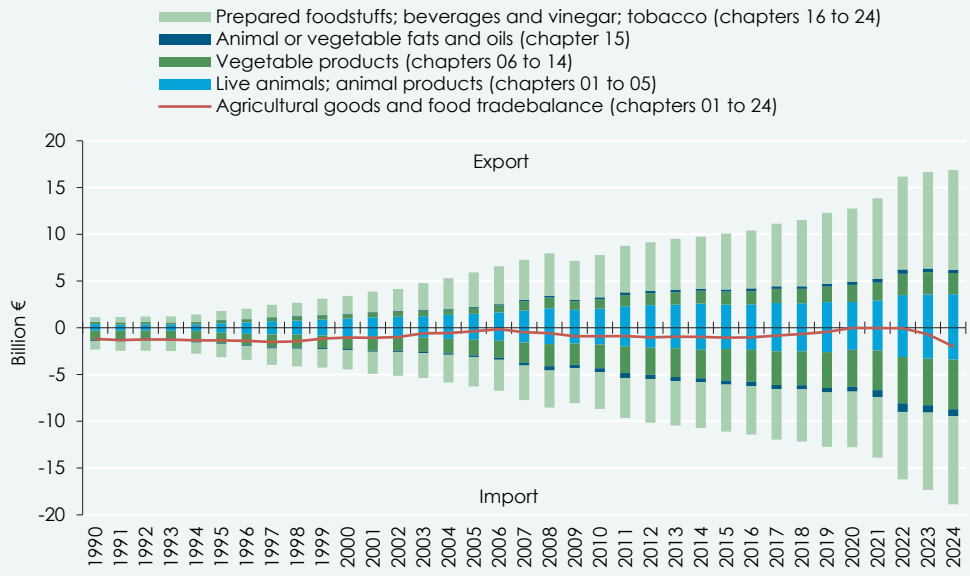
Table 2: **Subsidies and taxes in Austrian agriculture**

	2023	2024	2024
	Million €		Percentage changes from previous year
Total subsidies	1,539	1,683	+ 9.4
Subsidies on products	8	8	+ 2.9
Other subsidies	1,485	1,617	+ 8.9
Direct payments[1]	563	562	– 0.2
Agri-environmental measures (ÖPUL)[2]	527	585	+ 11.0
Compensatory allowance for permanent natural handicaps	264	289	+ 9.5
Relief measures[3]	19	47	+ 154.3
Other	113	135	+ 19.0
Reduction in advance payments[4]	47	58	+ 24.4
Taxes and duties	180	159	– 11.5
Taxes on products	9	8	– 10.6
Other taxes on production	171	151	– 11.6

Source: STATcube – Statistical database of Statistics Austria, LGR01 Economic Accounts for Agriculture according to ESA 2010, at current prices, revision status July 2025. – [1] Excluding support for young farmers (recognised as capital transfer) and eco-scheme (included in ÖPUL). – [2] According to the Austrian Programme for Environmentally Sound Agriculture (ÖPUL), from 2023 including eco-scheme. – [3] Soil management contribution (2023: second stage of the electricity cost subsidy as well as emergency aid measures for arable farming, alpine farming and turkey farming). – [4] Temporary agricultural diesel reimbursement, reimbursement of CO_2 pricing.

Figure 3: **Austria's foreign trade in agricultural goods and food**

Combined nomenclature – CN



Source: WDS – WIFO Data System, Macrobond.

3. Gross value added at basic prices in agriculture stagnates

Output of the agricultural industry (production value) in 2024 was, as mentioned, 2.1 percent lower than in the previous year, while the cost of intermediate inputs fell by 3.6 percent. Gross value added at 4.3 billion € was therefore almost at the same level as in 2023 (Table 1).

As in previous years, fixed capital consumption also increased in 2024 (+2.8 percent). As a result, net value added at basic prices decreased by 4.2 percent. The balance of other taxes, other subsidies on production increased to just under 1.5 billion € in favour of agriculture and was 11.6 percent higher than in 2023 (Table 2). This change is the result of a 9.4 percent increase in subsidies on the one hand and an 11.5 percent reduction in taxes and duties on the other. The increase in premiums for the agri-environmental programme by almost 60 million € was particularly significant.

At 4.3 billion €, gross value added at basic prices in the domestic agricultural sector was practically the same as in 2023. Factor income increased by 2.7 percent due to higher subsidies.

4. Foreign trade balance for agricultural goods and food significantly less favourable than in previous years

Since joining the EU three decades ago, Austria's international competitive position has continuously improved (see Rütten & Sinabell, 2025). In the years 2020 to 2022, the value of exports of agricultural goods and foodstuffs was almost as high as the value of imports, and the trade balance of these goods was therefore largely balanced. However, there was a trend reversal in 2023, which solidified in 2024: at 18.8 billion €, the value of imports exceeded that of exports by 2.2 billion € (calculation according to CN; Figure 3 and Table 3).

Table 3: **Austria's foreign trade in agricultural goods and food in 2024**
Combined nomenclature – CN

Product section	Exports	Imports	Balance	
	Total		Total	EU 27
	Percentage shares		Million €	
I Live animals; animal products	**21.1**	**18.1**	**+ 155.3**	**+ 49.6**
01 Live Animals	0.9	1.4	– 124.1	– 157.3
02 Meat and edible meat offal	8.6	7.0	+ 142.1	– 9.5
03 Fish, crustaceans, molluscs and other aquatic invertebrates	0.4	2.3	– 367.1	– 144.0
04 Dairy produce, birds' eggs, honey	10.8	6.8	+ 539.1	+ 355.9
05 Products of animal origin not elsewhere specified or included	0.4	0.5	– 34.7	+ 4.6
II Live trees and other plants; bulbs roots and the like; cut flowers and ornamental foliage	**13.5**	**28.1**	**– 3,024.9**	**– 1,865.3**
06 Live trees and other plants; bulbs roots and the like; cut flowers and ornamental foliage	0.3	2.5	– 425.0	– 412.7
07 Edible vegetables, roots and tubers	1.3	4.8	– 676.1	– 560.8
08 Edible fruits and nuts, peel of citrus fruit or melons	2.2	8.6	– 1,266.5	– 486.7
09 Coffee, tea mate, spices and spices	1.3	3.4	– 421.5	– 275.7
10 Cereals	3.7	3.9	– 121.6	– 62.3
11 Products of the milling industry; malt; starches; inulin; wheat gluten	2.2	1.0	+ 169.1	+ 131.1
12 Oil seeds and oleaginous fruits	2.5	3.4	– 220.5	– 160.1
13 Lacs, gums, resins and other vegetable saps and extracts	0.1	0.4	– 58.2	– 35.7
14 Vegetable products not elsewhere specified or included	0.0	0.0	– 4.6	– 2.6
III Animal or vegetable fats and oils and their cleavage products; prepared edible fats; waxes of animal or vegetable origin	**2.0**	**3.9**	**– 400.8**	**– 374.2**
15 Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	2.0	2.9	– 400.8	– 374.2
IV Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes	**63.4**	**50.0**	**+ 1,267.1**	**+ 236.2**
16 Preparations of meat, fish or crustaceans, molluscs or other aquatic invertebrates	4.8	3.2	+ 201.4	+ 225.6
17 Sugars and sugar confectionery	2.8	2.7	– 27.1	– 122.1
18 Cocoa and cocoa preparations	4.8	5.2	– 174.9	– 34.2
19 Preparations of cereals, flour, starch or milk; pastrycooks' products	10.1	9.4	– 80.4	– 185.2
20 Preparations of vegetables, fruit, nuts or other parts of plants	6.9	7.2	– 197.8	– 47.8
21 Miscellaneous edible preparations	7.8	7.2	– 45.5	– 219.7
22 Beverages, spirits and vinegar	18.7	6.6	+ 1,908.9	+ 992.2
"Energy drinks"	2.2	0.4	+ 290.2	+ 234.1
23 Residues and waste from food industry; prepared animal fodder	7.3	6.0	+ 114.6	– 35.1
24 Tobacco and manufactured tobacco substitutes	0.2	2.4	– 432.2	– 337.4
			Million €	
Total agricultural goods and food trade				
According to Combined Nomenclature (CN)	**16,881.75**	**18,885.09**	**– 2,003.3**	**– 1,953.6**
According to International Trade Classification (SITC)[1]	16,609.84	18,752.59	– 2,142.8	– 2,092.5
	Percentage changes from previous year		Absolut changes from previous year	
Total agricultural goods and food trade				
According to Combined Nomenclature (CN)	**+ 1.3**	**+ 8.7**	**– 182.2**	**– 42.9**
According to International Trade Classification (SITC)[1]	+ 1.8	+ 8.5	– 120.2	– 29.6

Source: WDS – WIFO Data System, Macrobond. 2024: final values. A positive sign of balance changes is to be interpreted as a decline in the import surplus. SITC . . . Standard International Trade Classification, Rev. 4. – [1] The totals according to CN and SITC nomenclature differ due to the respective aggregation method (SITC 0, 1, 21, 22, 29, 4) and the increasing number of items that are subject to confidentiality in the CN foreign trade database.

Austria mainly exports milk and other products of animal origin, achieving a significant surplus compared to both other EU countries and third countries. Live animals, which are slaughtered and processed in Austria, as well as fish, crustaceans and molluscs are imported to a considerable extent (Table 3).

In the category of plant products, Austria imports significantly more goods than it exports in all categories with the exception of products of the milling industry, malt, wheat gluten. The surplus of imports is particularly large for edible fruits and nuts, peel of citrus fruit or melons, coffee and spices.

Food industry goods, on the other hand, are exported much more frequently than imported. The surplus of domestic exports is particularly high in the item "beverages, spirits and vinegar". Tobacco and manufactured tobacco substitutes, cocoa and cocoa preparations as well as vegetable and fruit preparations, on the other hand, have high import surpluses.

While Austria exported almost the same amount of agricultural goods and foodstuffs as it imported between 2020 and 2022, the import surplus reached a value of over 2 billion € in 2024.

5. Forestry increased production despite falling prices

The domestic forestry industry harvested almost 20 million cubic metres in 2024 (excluding bark). As in previous years, the amount of damaged timber due to bark beetle infestation was considerable (2.75 million cubic metres), but declining. However, the volume of other damaged timber was significantly higher at 8.26 million cubic metres. Normal felling totalled 9.02 million cubic metres (Figure 4). The continuous increase in timber production is largely due to the expansion of forest areas in recent decades (see Sinabell, 2023).

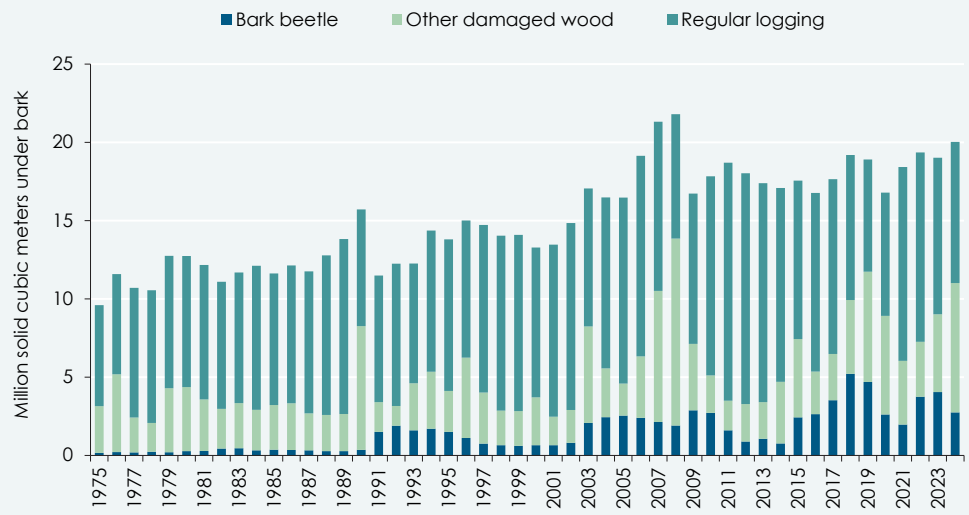
After peaking in 2022, timber prices fell slightly again in 2024. While the price level of sanded timber had already returned to the low level of 2010, prices for round sawn timber were still significantly higher than ten years ago (Figure 5).

Despite the increase in timber harvesting, the production value of forestry goods in 2024 was 3.1 percent lower than in the previous year due to lower prices. When interpreting this figure, however, it should be noted that the net increase in standing timber that is not harvested is included in the calculation in the economically utilised production value.

The value of forestry services increased slightly by 0.6 percent, while the value of non-separable non-forestry ancillary activities fell by the same amount. At 2.9 billion €, the production value of forestry was only 0.9 percent lower than in 2023. Both gross and net value added at basic prices decreased, although the value of purchased intermediate inputs fell by 3.7 percent. As higher subsidies could not offset the decline in net value added at basic prices, factor income was 1.1 percent lower than in 2023 at 1.1 billion € (Table 4).

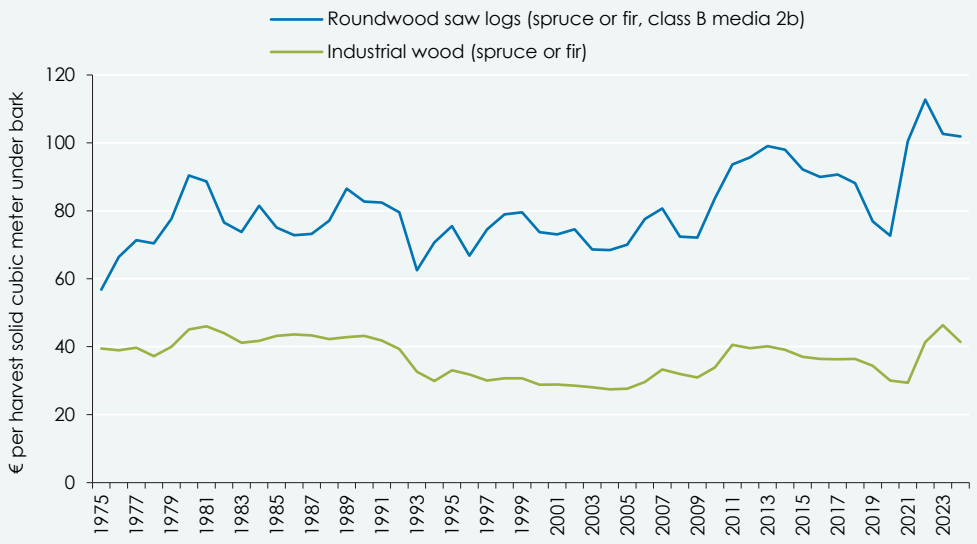
Timber prices fell again in 2024. The production level of the Austrian forestry industry was nevertheless higher than in 2023.

Figure 4: **Logging in Austria**



Source: Federal Ministry of Agriculture, Forestry, Regions and Water Management, logging reports (https://info.bml.gv.at/themen/wald/wald-in-oesterreich/wald-und-zahlen/Holzeinschlag.html); Federal Research Centre for Forests, documentation of forest damage factors (https://www.bfw.gv.at/dokumentation-waldschaedigungsfaktoren/).

Figure 5: **Development of nominal timber prices in Austria**



Source: Statistics Austria, agricultural and forestry producer prices (https://www.statistik.at/statistiken/land-und-forstwirtschaft/land-und-forstwirtschaftliche-oekonomie-und-preise/erzeugerpreise).

Table 4: **Production, value added and income in Austrian forestry**

		2020	2021	2022	2023	2024	2024
		Million € at basic prices					Percentage changes from previous year
Production value at basic price							
Production of forestry goods		1,394.3	2,032.2	2,559.6	2,533.7	2,456.0	– 3.1
Forest trees and forest tree plants		451.3	700.6	877.6	861.6	756.3	– 12.2
Forest trees[1]		441.8	689.2	865.8	849.0	743.0	– 12.5
Forest tree plants		9.5	11.4	11.7	12.6	13.3	+ 5.2
Raw wood		943.0	1,331.6	1,682.0	1,672.1	1,699.7	+ 1.7
Raw wood for material use		643.9	1,055.5	1,261.2	1,118.0	1,197.7	+ 7.1
Round sawn timber		545.8	955.2	1,116.2	946.8	1,049.0	+ 10.8
Industrial timber		98.2	100.3	145.0	171.2	148.7	– 13.2
Raw wood for energy use[2]		299.1	276.1	420.8	554.1	502.0	– 9.4
+ Production of forestry services		252.7	273.6	326.6	328.6	378.4	+ 15.2
+ Secondary activities (inseparable)		58.8	59.0	73.3	72.9	79.3	+ 8.8
+ Other products[3]		10.2	13.1	12.1	11.1	11.4	+ 3.5
= Production of the forestry "industry"		1,715.9	2,377.9	2,971.6	2,946.2	2,925.2	– 0.7
– Total intermediate consumption		980.7	1,390.5	1,657.6	1,596.6	1,595.4	– 0.1
= Gross value added at basic prices		**735.2**	**987.4**	**1,314.0**	**1,349.6**	**1,329.7**	**– 1.5**
– Fixed capital consumption		193.9	198.9	217.2	229.9	231.1	+ 0.5
= Net value added at basic prices		**541.3**	**788.5**	**1,096.8**	**1,119.7**	**1,098.6**	**– 1.9**
± Balance of other taxes, other subsidies on production		**+ 4.4**	**+ 38.3**	**+ 38.3**	**+ 28.3**	**+ 33.8**	+ 19.5
= Factor income		**545.7**	**826.8**	**1,135.1**	**1,147.9**	**1,132.4**	**– 1.4**
Factor income per annual work unit[2]	**1,000 €**	**31.45**	**47.66**	**65.46**	**64.27**	**61.81**	**– 3.8**

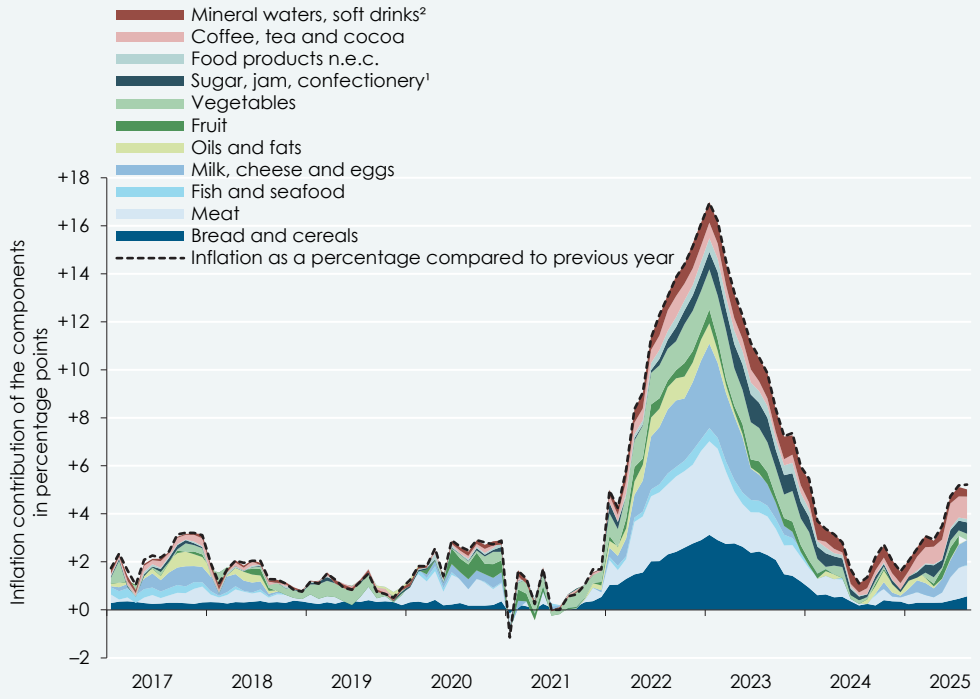
Source: Statistics Austria, Forestry Accounts. As of July 2025. – [1] Net increase in timber in commercially utilised productive forest. – [2] Woodfuel and wood chips. – [3] Secondary uses, other forestry products.

6. Data on the price structure of foodstuffs show decreasing influence of agricultural commodity prices

The rise in food prices, which had accelerated sharply from 2022 and levelled off again in 2024, picked up speed again in 2025. As food and non-alcoholic beverages have a high weighting in the basket of goods, the contributions to the increase in inflation were considerable. Before the rapid rise in prices, there were even brief phases in 2021 in which food prices significantly dampened inflation (Figure 6). In the years 2022 to 2024, all categories of food then contributed to inflation to almost the same

extent. The situation changed in 2025. While hardly any price increases were seen for bread and cereal products, cocoa, coffee and tropical fruits became significantly more expensive.

Figure 6: **Composition of inflation for food and non-alcoholic beverages**



Source: WIFO calculations; WDS – WIFO Data System, Macrobond; Statistics Austria, Consumer Price Index (CPI or HICP). – [1] Sugar, jam, honey, chocolate, confectionery. – [2] Mineral water, soft drinks and juices.

Figure 7 uses selected indices to illustrate price developments along the supply chain that influence the price structure of food. For example, the index of agricultural commodity prices (domestic goods) was recently below the level of 2022, and the producer price index for the domestic food industry was only slightly above it. However, the prices of imported goods have risen sharply since then and are still on the rise. Coffee and cocoa are a particular contributor to this (Figure 9). They have become considerably more expensive since the beginning of 2024. The price increases are due to high international demand coupled with scarce supply resulting from crop failures and deteriorating production conditions.

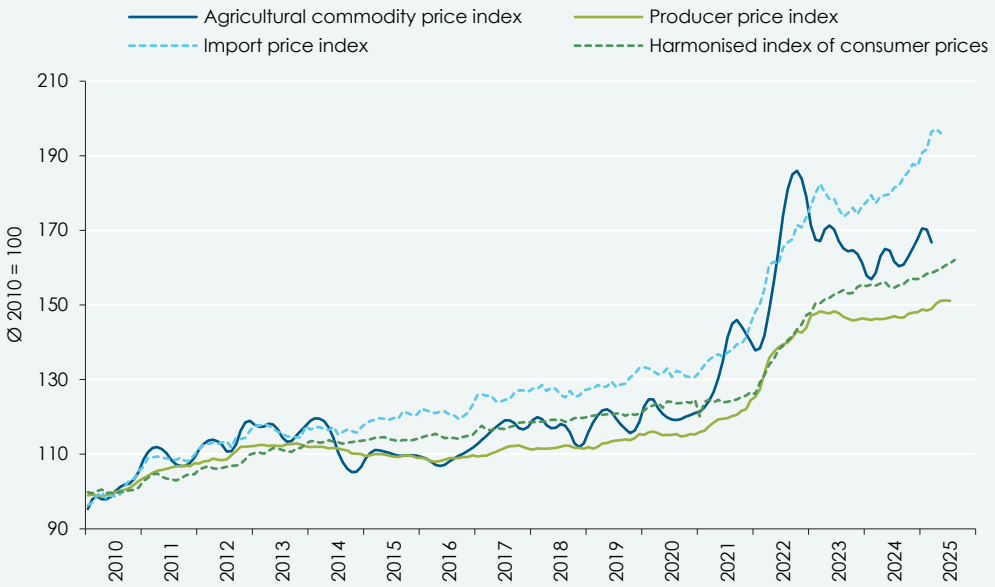
The rise in food prices is not easy to explain. In any case, a reference to commodity prices is not enough to justify the price increase of goods in food retail. Since 2022, it has been possible to gain deeper insights into the price structure for around 15 percent of the goods that are part of the CPI basket of food products, especially since Agrarmarkt Austria has been publishing reports on price transparency in food retail since then (Agrarmarkt Austria, 2025).

Figure 8 shows the price structure using the example of wheat and wheat flour. The price of milling wheat rose sharply at the beginning of the observation period. The figure assumes that 0.7 kg of flour can be produced from 1 kg of wheat. The light-coloured area illustrates the difference between the price of wheat and the price of flour before tax in the food retail sector. For the years from 2022 onwards, it is possible to split the price difference into two parts, as the price at which food retailers purchase flour from suppliers is known. It is not known which cost components in turn determine the pricing of mills and the wholesale and retail trade, as neither the food industry nor food retail traders publish calculations at product level and no other sources are available in Austria. The situation is different in agriculture. Based on standard calculations, it is known how the production costs of wheat are made up[1].

In Austria, rising food prices are a major contributor to high inflation. A closer look at the individual components that lead to changes in food prices shows a decreasing influence of domestically produced agricultural commodity prices.

[1] See http://idb.agrarforschung.at.

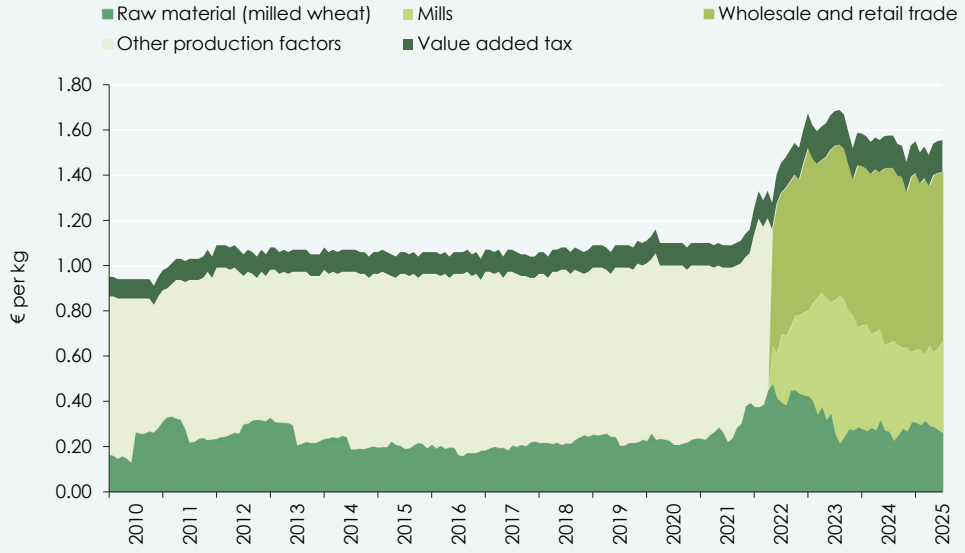
Figure 7: **Development of food prices along the supply chain**



Source: Eurostat, food price monitoring tool (data retrieved on 9 September 2025). Consumer Price Index for food.

Figure 8**: Composition of the consumer price for 1 kg of wheat flour**

Simplified representation



Source: WIFO calculations based on Statistics Austria, Consumer Price Index (CPI or HICP); Statistics Austria, Agricultural and Forestry Producer Price Statistics; Agrarmarkt Austria, Market Information – Milk and Dairy Products; Agrarmarkt Austria, Report on Price Transparency in Food Retail. Assumption: 1 kg of wheat corresponds to 700 g of flour.

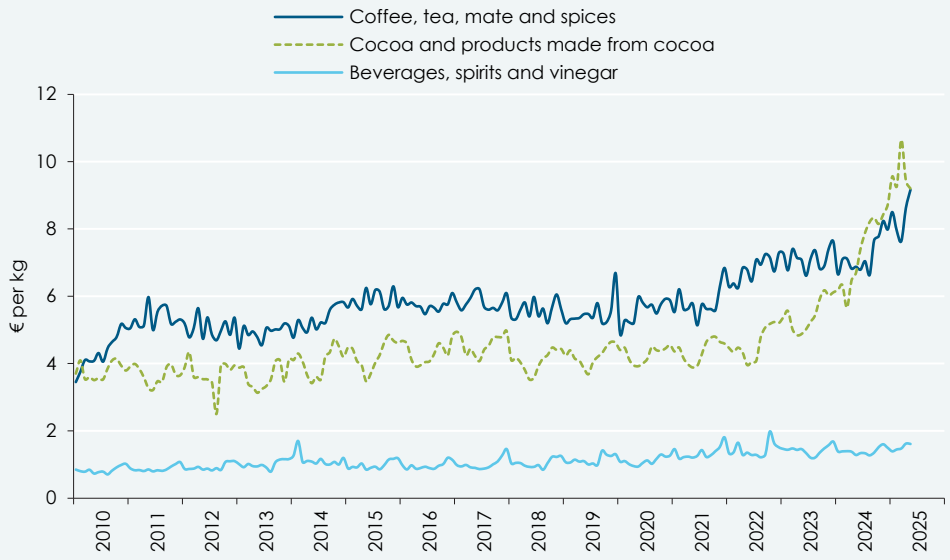
As the example of wheat flour illustrates, the share of the agricultural commodity price in the end consumer price fell from just under 30 percent in 2022 to well under 20 percent recently. In contrast, the share of transport costs and income has increased, although the contributions cannot currently be quantified as there are no product-related statistics in Austria.

At the beginning of September 2025, the Austrian federal government presented a comprehensive package of measures to combat inflation (Federal Ministry for Economic Affairs, Energy and Tourism, 2025). The press release lists the following points as the most important measures in the area of food and energy prices:

- combating the so-called "Austria surcharge": the abolition of territorial supply restrictions is intended to prevent large food producers with corresponding market power from imposing less favourable conditions on small countries such as Austria;
- an alliance with the food trade in favour of fair food prices in order to jointly counteract price increases;
- increased controls to prevent misleading discounts and price labelling;
- the creation of a statutory labelling obligation for shrinkflation (hidden price increases through volume reduction), the reorganisation of the Price Commission and better basic price labelling;
- the creation of a price transparency database along the value chain;
- the inclusion of electricity and gas in the Price Act to enable consistent state intervention in the event of market failure;
- an energy crisis mechanism to prevent sudden price spikes;
- new energy legislation to reduce energy prices, and
- strengthening the competition authority to control the market.

The proposal to improve price transparency is in the direction of price monitoring, as already implemented in France. A comprehensive monitoring system has been in place there for over ten years, which analyses the composition of prices for a large number of foodstuffs in detail every year. The analyses not only track the development of food prices, but also break down the individual cost components that can explain price changes at the various stages of the value chain. How such price monitoring could also be implemented in Austria was outlined by Renhart et al. (2024).

Figure 9: **Development of unit values in the import of coffee, cocoa and beverages**



Source: WIFO calculations; WDS – WIFO Data System, Macrobond.

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