

ANTITRUST LEGISLATION AND COOPERATION IN FISH MARKETING

by

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Abstract

The limited exemption from antitrust legislation enjoyed by the Israeli agricultural sector enabled collective marketing of fish by aquaculture producers. The cartel-like organization of fish marketing raised concerns that fish growers exploited market power to the detriment of consumers and total welfare. On the other hand, grower cooperation in marketing may increase producers' as well as total welfare if the marketing sector is imperfectly competitive. We use a simulation approach to evaluate the costs and benefits ensuing from cooperative selling in the aquaculture sector, compared to alternative market structures. Results indicate that despite far-reaching cooperation, fish farmers did not behave like a cartel and marketed quantities which were much closer to the competitive equilibrium than to an outcome expected for a producer cartel. On the other hand, we demonstrate important potential benefits from cooperation in the case of an imperfectly competitive marketing sector – commonly observed for many agricultural products. The Israeli aquaculture sector provides an example of the importance of a limited antitrust exemption for the agricultural sector.

Key words: Agriculture, Antitrust Regulation, Aquaculture, Collective Marketing, Cooperative, Market Power, Simulation