

# CURRENT ISSUES IN CANADIAN AGRI-FOOD POLICY

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POSTER 3

## **Bargaining Power Between Producers, Classifiers and Retailers under Market Uncertainty in Canada Egg Industry: The Case of the Specialty Eggs Value Chain**

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Specialty eggs production involves additional investments in capital, labor, hen housing and their diets. However, the question of how this added value generated by the production of specialty eggs is shared between the various links in the value chain remains asked. This paper assesses the bargaining power of producers, classifiers and retailers in pricing mechanisms in the specialty egg value chain and identifies the link that benefits most from eggs diversification in five provinces of Canada namely Quebec, Ontario, Alberta, Saskatchewan and British Columbia. A theoretical model of a bilateral monopoly price adjustment is developed and estimated to compare the bargaining power of the different links in the value chain. The autoregressive distributed lags (ARDL) model cointegration test and the non-stationary heterogeneous panel ARDL models are applied to the monthly data from January 2009 to June 2017 to estimate the bargaining power of producers and retailers in negotiating the producer prices of free-range eggs and omega-3 eggs in each of the five provinces. The results generally show that the bargaining power of retailers is greater than the power of producers in each province and for each market. Producers benefit less from specialty egg production than retailers. To increase their profits, specialty eggs producers must adopt strategic behaviors to counterbalance the bargaining power of actors down the value chain.