

The Agricultural Exemption from Antitrust Regulation: A License for Cartel or a Necessary Evil for Cooperation?

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Abstract

The Israeli agricultural sector enjoys a far-reaching exemption from antitrust regulation. The exemption includes farmers and wholesalers of agricultural products and enables restrictive arrangements, which may reduce competition. A comparative analysis of antitrust regulation in Israel, the European Union and the United States shows that the exemption in Israel is relatively narrow with regard to the products included but much wider with regard to the exempted firms. There are economic arguments which support exempting farmers and farmers' associations from the prohibition of restrictive arrangements to enable cooperation in production, marketing, promotion and research, but the exemption of wholesalers of agricultural products could not be justified on the grounds of economic efficiency.

Key words: Antitrust Regulation, Agriculture, Cooperatives, Market Power

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