Middlemen-Good for Resource and Fishermen? An Economic Analysis of a Common Fisheries Institution in Developing Countries

Thuy Pham Thi Thanh*, Ola Flaaten**

*Nha Trang University

**Norwegian college of fishery science

Abstract

The debate about whether international trade actually benefits for resource and all stakeholders in the chain is still unsettled. Even the benefits of international trade were addressed in some articles, the question about which signals for policy makers intervene in the market is still being raised. This paper attempts to model how an increase of the world market price is distributed backward to all stakeholders in the fish chain with two different aspects of the market structure: the competitive market and the power market. Based on this model, three key interesting issues are concerned: the ex-vessel price, the rents of stakeholders and the fish stock. The results showed that an increased world market price leads to an increased ex-vessel price, a decreased fish stock and thereby bring more rent for both fishermen and middlemen or at least for one of the parties in the chain. Interestingly, a monopsonistic middleman is likely to keep the maximum ex-vessel price as the price at maximum sustainable yield level and thereby assure that the fish stock is not reduced below its level. The theoretical findings are demonstrated by exploiting a numerical example on the export skipjack tuna fish chain in Nha Trang city, Vietnam.