

DEMAND AND PRICE DYNAMICS IN THE SEABASS AND SEABREAM INTERNATIONAL MARKET

*José Fernández Polanco^a, Ignacio Llorente^a, José Luis Fernández^a, Trond Bjorndal^b, Lamprakis Avelas^c, María Cozzolino^d.

- a. University of Cantabria (Spain)
- b. SNF, Bergen (Norway)
- c. Avdelas Consulting (Greece)
- d. NISEA S. Coop. (Italy)

The market has evolved in a cyclical way since its beginning in 1980's. A period of increases in quantities and relatively stable price equilibrium persisted until late 90's when uncontrolled increases in supply caused the fall of prices in the international market. The market for seabass and seabream is concentrated in the Mediterranean and surrounding countries. Turkey and Greece are the main producers and exporters. Spain and Italy have also relevant volumes of domestic production, but it is not enough for satisfying the internal demand. Other relevant markets in terms of demand are France, Portugal, the UK and Germany. A cointegrating model using prices and quantities on external trade flows is used to explore the dynamics of competition across countries and substitution across products. The model is tested in 6 different countries considering demand and supply in external trade covering the last decade. Demand was found to be elastic, while supply is more inelastic. As consequence price volatility is high in a market in which Greece and Turkey dominate price competition.

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