

The Governance Structure of French Official Quality Products : The Treatment of Labeled Broilers by Competition Rules

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Summary

There are always some conflicts between competition policy and quality policy. Such was the case for French labeled broilers (Label Rouge). These broilers are produced with close cooperation of the farmers, feed industries, slaughter industries, packers and so on. French Ministry of Finance (DGCCRF) accused such cooperation as a barrier to competition.

On the other hand, French Ministry of Agriculture supported by economists, insisted that coordination among producers are necessary to prevent free rider and to render the commitment credible for the purpose of producing labeled products. These economists safeguarded labeled products by using Transaction Cost Economics which is based on the assumption of “asset specificity”.

This paper follows the logic of these economic justifications and verifies its appropriateness.