

# Prohibiting Unfair Trading Practices: The Impact of a Regulatory Intervention on Market Prices

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## **Abstract**

In industries with large imbalances in bargaining power between buyers and sellers, unfair trading practices (UTPs) often emerge, raising questions about regulation's role in mitigating them. The authors examine the impact of a regulatory intervention prohibiting UTPs on prices paid to producers. The context is a European Union (EU) intervention in agricultural business-to-business (B2B) markets and its two-phased enactment: (1) passage by the EU and (2) implementation by Member States (MSs). The study estimates that the intervention's impact on producer prices generated a €8.34 billion surplus (inflation-adjusted) during the observation window. After its passage, its effect was stronger in MSs higher in collectivism and masculinity, but weaker in MSs higher in power distance. After implementation, its impact was stronger in MSs with preexisting UTP legislation and in MSs higher in regulatory enforcement. The findings provide evidence of regulation's market-level impact in B2B markets.

**Subject Areas:** *Business-to-Business Marketing, Cross-cultural and International Marketing, Inter-organizational Collaboration, Market Analysis and Response*

**Track:** Business-To-Business Marketing & Supply Chain Management