

DOI: 10.19275/RSEP019

Received: 21.07.2017

Accepted: 18.10.2017

A REVIEW OF THE ROLE OF COLLECTORS IN VIETNAM'S RICE VALUE NETWORK

Thanh Thu Do

Center for Interdisciplinary Economic Research, University of Muenster

Email: t_do0002@uni-muenster.de

Abstract

According to the announcement by the Asian Development Bank (ADB), the UK Department for International Development (DFID) and the Ministry of Planning and Investment (2012), from six to nine per cent of Vietnam's rice product is bought under written contracts, while most of the remaining rice is delivered to the market through indirect channels, in which the farmers rely on collectors or intermediaries. Interestingly, this business partnership is a verbal agreement that is not enforced by a legally binding contract; instead, it is a long-term cooperation. Through analyzing the characteristics of the collaborative culture and the small-scale production of Vietnamese farmers, we found that the advantages of these transactions and the trust between collectors and farmers lead to ease of cooperation. In the past, when there were no large traders or enterprises in Vietnam economy, the collectors played an important role in the flow of goods; they were the connector in the small-scale peasant economy. In their current role, collectors understand what farmers need, such that 90 per cent of farmers get market information from the collectors. This study shows that Vietnamese collectors are acting as connectors between farmers and enterprises. Therefore, this force needs to be considered an important component of the rice value network of Vietnam.

Keywords: Farmers, Collectors, Rice, Verbal Agreement, Trust, Vietnam.

JEL Classification: D91, Q12, Q13.

Citation: Do, T.T. (2017). A Review of The Role of Collectors in Vietnam's Rice Value Network, Review of Socio-Economic Perspectives, Vol. 2(2), pp. 85-98. DOI: 10.19275/RSEP019.