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Effects of Agricultural Commercialisation on Food Security for Crop-producing Households in Post-reform Vietnam

VINCENT LINDERHOF¹, VALERIE JANSSEN², THOM ACHTERBOSCH¹

¹ *Wageningen University and Research, Wageningen Economic Research, The Netherlands*

² *Oxfam Novib Academy, The Netherlands*

Abstract

There are many studies on the rise of vertical coordination in food value chains, mostly driven by expansion of supermarkets/retailer presence for high value products, export or other. The literature provides fragmented insights into the impact on food security: productivity, profitability, livelihoods, transaction costs, gender balances, for instance. There is no consensus on the impact of commercialisation on food and nutrition security, especially for countries turning from a central planned economy towards a more market-based economy such as Vietnam in the 1990s and Myanmar nowadays. Economic reforms were targeted at small holders to increase their income and reduce poverty through agricultural commercialisation.

However, the impact of this commercialisation on the food system or on food security has not received much attention in the literature. This paper examined the effects of agricultural commercialisation on the food security status of crop producing households in Vietnam. We constructed indicators for commercialisation distinguished in the nature of changes, namely input markets (seeds, fertiliser, etc.) output markets ((share of product for the markets) or cash crops.

Using the panel data from the Vietnam Living Standards Survey (VLSS) for 1992–1993 and 1997–1998, we conducted pooled OLS and random effects (RE) regressions. With Instrumental Variables (IV) techniques, we controlled for potential endogeneity of the commercialisation indicators.

The results show that the relationship between commercialisation and food security differs across the commercialisation indicators and the provinces in Vietnam. For food security, we used the Food Variety Score (FVS) and the caloric intake as indicators. In general, we found significant positive effects of output commercialisation indicators on the FVS for the southern provinces of Vietnam, whereas there are significant negative effects for the northern provinces of Vietnam on the FVS. For the input commercialisation indicator, we found no significant relationship with FVS for the entire country. The caloric intake of households was not significantly affected by neither of the commercialisation indicators. We also discuss whether or not our results on commercialisation can be used for regions or countries which experience similar economic transitions, such as Myanmar.

Keywords: Commercialisation, food security, post reform, Vietnam