

Completion Report

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Subject of Research Project:

Japanese Rice Contract Farming Model in the Vietnamese Mekong Delta: Lesson Learned and Development Potential

Thanks to the financial sponsorship of the Sumitomo Foundation in 2022, we conducted a study in the Mekong Delta entitled “Japanese Rice Contract Farming Model in the Vietnamese Mekong Delta: Lesson Learned and Development Potential”.

This is a study on the agricultural economics of rice varieties originating from Japan and cultivated in the Mekong Delta. We used the grant to carry out research activities as stated in the written proposal and as committed to the sponsoring organization. The following are research activities and results.

(1) We conducted interviews with 120 rice growing households in An Giang province, including 3 groups of households with and without related to Japanese rice cultivation to evaluate the financial efficiency of Japanese rice cultivation. Firstly is the Japanese rice growing group that has a contract with a Japanese rice processing and consuming company (49 households), next is the Japanese rice growing group without a contract (19 households) and the last group is the Indica rice growing group (52 households). All of these household groups live in the same ecological and soil characteristics which play as control condition for assessment of the effectiveness of Japanese rice. The interview content given to farmers is designed to include resource characteristics of rice farmers, materials used for rice, productivity, selling price, level of connection with rice purchasing companies, etc.,

Besides surveying the farmers, we also studied secondary data at the provincial level such as working with the Provincial Farmers' Association - the organization in charge of linking Japanese rice farmers with processing, purchasing company. We also have discussion with staff of the processing and purchasing company to obtain macro-level information of the region.

(2) Japanese rice is grown a lot in An Giang and Kien Giang provinces of the Mekong Delta, where the soil are little acid-influenced that are favorable for Japanese rice growing. However, harvesting and threshing the rice is relatively more difficult than the Indica rice commonly grown in the region because it is more enduring. Linking and contracting with processing and purchasing company is also an important factor in developing Japanese rice.

(3) In An Giang, a model linking production and consumption between export processing company and farmers was formed around 2010 and has continuously developed. This is the production and consumption model directly contracted between Kitoku-Shinryo Company (Japan) and Agricultural Import-Export Company An Giang (Angimex), abbreviated as Angimex-Kitoku (AKJ) with rice farmers. Up to now, there were over two thousand hectares of Japanese rice and the products exported to high-income markets like United States, Australia, New Zealand, Singapore, Malaysia, Hong Kong. This implied that the production and consumption of Japanese rice is quite stable. However, in the time of Covid-19 pandemic lasts until early 2022, the export situation of Japonica rice was difficult in associated with the price increase of fertilizers and pesticides that has a bit negatively affected the Japanese rice cultivation in the area.

From an academic perspective, there are no difference in the characteristics of Japanese rice growing households and Indica rice growing households, as well as no difference in material investment between the above groups of households. The only difference is in the price of rice purchased by AKJ company compared to Indica rice. This is also the key factor that increases the financial efficiency of Japanese rice cultivation.

(4) Actually, we wanted to publish an article used the research result published in an international journal, however, we couldn't because the research scale was not large enough to match the high requirement of the journal.

(5) We recommended that donors may pay more attention to the field of agriculture economics and rural development, especially in the Mekong Delta - which was considered a key agricultural region and is developing actively and having many foreign investors such as Japanese participated.

Sincere thanks to the Sumitomo Foundation

Publication of the Results of Research Project:

Verbal Presentation (Date, Venue, Name of Conference, Title of Presentation, Presenter, etc.)

Thesis (Name of Journal and its Date, Title and Author of Thesis, etc.)

Paper: Trần Thị Mỹ Phượng và Lê Cảnh Dũng. (2023). Liên kết tiêu thụ làm gia tăng lợi tức cho nông dân: Trường hợp trồng lúa Nhật tại tỉnh An Giang. Tạp chí Khoa học Đại học Đồng Tháp, 12(6), 52-60. DOI: <https://doi.org/10.52714/dthu.12.6.2023.1115>

[In English: Consumption linkage to increase farmers' income: The case of Japanese rice cultivation in An Giang province. Dong Thap University Science Journal]

Abstract

Japanese rice has been grown in An Giang province in recent years for high-income and specialized markets. This study aims to evaluate profits gained from growing Japanese rice, especially in the case of having contracts with a rice processing and export company. The study was conducted based on surveying 120 farmers in the Winter-Spring crop 2021-2022 in An Giang province; involving three groups (i) growing Japanese rice and signing contracts with a consumption company, (ii) growing Japanese rice and selling it to traders, and (iii) growing high yielding Indica rice. Descriptive statistics, analysis of variance and multivariate regression are the tools used to analyze the collected data. The results show that Japanese rice has a relatively high yield and is on equivalent with that of the Indica rice, and the production costs are similar among the three groups under survey. However, the contract-signing group has a significantly increased profit, followed by Japanese rice growing group selling to traders while the Indica-rice growing group ranks third. From these results, several policy implications on varieties and contract farming are recommended.

Keywords: An Giang, contract, export, Japanese rice, profit.

Master Thesis: Trần Thị Mỹ Phượng, 2023. Đánh giá hiệu quả tài chính mô hình sản xuất lúa Nhật tại tỉnh An Giang (Evaluating the financial efficiency of the Japanese rice production model in An Giang province). Can Tho University, Vietnam.

Book (Publisher and Date of the Book, Title and Author of the Book, etc.)