

CASHEW NUT SUPPLY CHAINS IN VIETNAM

A CASE STUDY IN DAK NONG AND BINH PHUOC PROVINCES OF VIETNAM

Summary

Rationale and research objectives

Cashew nuts have been identified as one of Viet Nam's eight key products for export during the period 2006-2020. According to the figures provided by Viet Nam Cashew Organization (VINACAS), at present, Viet Nam has 380,000 hectare of cashew trees under cultivation, of which 130,000 hectare are new established plantation. The contribution of this sector to the national economy has been increased gradually as said by the Ministry of Trade of Viet Nam. However, cashew small scale farmers, especially ethnic one, still get low price for their products and suffer risky conditions due to the fluctuation of cashew nut price. This study was carried out in Binh Phuoc and Dak Nong provinces, central highland of Viet Nam, which the aim is to understand how specific conditions of households and also the local settings affect to the price of cashew nut,.

Research process

This study was carried out by a team from Nong Lam University (in Ho Chi Minh City) and Tay Nguyen University from November 2005 to August 2006. Data collection started in April 2006 and ended in May 2006. This period of the year was coincided with the harvesting season of cashew nut in Viet Nam and thus allowed the team to capture the real situation of cashew nut transaction in the study sites.

However, besides this advantage, the research team also encountered some difficulties in setting up the research schedule in the field as team members come from different institutions.

Findings

Although the significant contribution of cashew nut to the national economy, income from cashew small scale farmers, especially ethnic people, can be considered as casual income because of the long market chain as well as the fluctuation of cashew nut price.

Cashew small scale farmers are most likely to suffer unflavored conditions both in term of biophysical and socioeconomic, which constrain them gain better price by selling their cashew nuts. In reality, the interaction between farmers and other actors in the cashew nut supply chain were dominated by certain actors, especially the middle man in different level, in the chain. Consequently, the transaction process is more or less flavored these middle man. For farmers with limited resources and/or indebtedness, this was reinforced by their circumstances, and as a result, these farmers usually get a lower price in compare to others.

Concerning the differences in terms of production scale, market favorableness and ethnic groups as the factors that affect to the farmgate price of cashew nut, the study found that production scale did not affect to the farmgate price while the market favorableness and ethnic groups show significant effects to the price. Kinh farmers have reached 507 VND per kg higher than minority ones.

Households' bargain position, which was characterized by 03 aspects namely rationale of selling time; type of buyers and rationale of choosing buyers. Concerning rationale of selling time, the fact that farmers decide when to sell their cashew nut indicates their

temporary inducements and thus reveals their bargaining position. The study has shown that 45% of transaction done at harvest because households was not able to fulfill storage and drying cashew nut. Similarly, 42% of transaction was taken place as farmers are in debt and/or in need of money for their production, consumption and investment. In these two cases, farmers received the lowest price due to their disadvantaged circumstances.

Market price information, as found by the study, has two sources. The first one derived from dealers and/or farmers' neighbor. Price information from this source appeared a bias unfavorable to farmers. This source of information thus turns unreliable and risky to farmers' production and lowered has their incentive to make investment in cashew nut cultivation. Second one is official price information, which comes from television, radio and newspaper are fair to farmers but the farmers' accessibility to this source is low. This has shown a great gap in market consultation and government policies regarding to market price information for cashew nut.

Experimental data also has shown that households with little choice of buyers also resulted in lower price. Meanwhile, some factors such as size of cultivation, amount of transaction and sex did not have affect to the price of cashew nut.

The study ended with some recommendations for improvement of cashew nut market. Of which, public services and polices related to the development of cashew nut market should give more support to disadvantaged farmers in terms of working capital, limited access to market. Besides, the improvement of cashew nut quality by applying high-yield varieties and intensive cultivation technologies are recommended.

Lessons learned

The study site was selected by the team based on the secondary data and the experimental experiences of researchers in this area. This was an advantage for research team since it allowed researchers to save time for getting known the areas. Besides, the relationship with some local authorities, which were established by researchers when working in this area before really useful, can help to reduce time for introduction and getting secondary data.

In reality, farmers are inhomogeneous and their livelihood strategy is affected strongly by their respective circumstances. This needs to be addressed not only in mind of the researchers but also in the policies. The interventions should be derived from the real situation of people rather than from the assumption of policy makers.

Follow up activities

This study contains a set of issues related to the market chain of Agroforestry products need to be more understood. In the context of Agroforestry development, as well as the changing in Agroforestry education in Viet Nam, findings in this study can be used as a source for teaching and training. However, realizing diversifies of rural in term of culture, economic and resources available, this need to be adapted.

Further research should be more focus on the coping strategy of different farmers and also their ideology in term of decision making related to their farming.



Farmer harvest cashew nut in Binh Phuoc Province



Farmer sells their cashew nut product at Village Store



Cashew nut chains from village to district

