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Willingness to internalize sustainability in agricultural value chains through vertical coordination in Vietnam

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Abstract:

With the growing concern for issues related to climate change, the development of sustainable agricultural value chains is of prime concern. Using a Discrete Choice Experiment, we examine both firms' and farmers' prospective responses to the internalization of sustainability through contract farming in the Vietnamese rice sector. Our findings suggest that farmers are more willing to internalize environmental sustainable production standards in contract farming than agribusiness firms. The latter are found less likely to mandate GlobalGAP/VietGAP production standards due to the cost of implementation and the lack of institutional support. It may be more interesting for firms to invest in standards with lower entry barrier. Furthermore, the internalization of the socio-economic pillar of sustainability in contract farming may require stimulating demand for sustainable rice and providing an enabling institutional environment for both farmers and firms to grasp new market opportunities.

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