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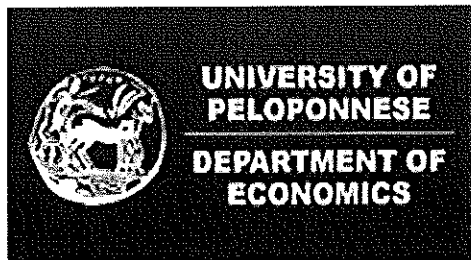
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## **Contract farming application in the Vietnamese shrimp value chain**

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Shrimp value chain in Vietnam functions with a large number of farmers. They stayed in the weakest position in the chain due to their small individual scale with an average land of about 0.5 ha/farm, and low skills [1]. As a leader and holding the strongest power in the shrimp value chain, the processors determine shrimp prices and set up requirements of shrimp quality and size in the market though quality control has not been completely implemented due to the limitations of financial capital, knowledge, awareness, as well as the quality of raw material supplied by collectors and farmers. In order to help the shrimp sector working more efficiently, the Vietnamese government brought together shrimp farmers and plant processors through a farming contract. Two years after this application, the contract farming model failed due to the floor price mechanism, risk sharing, small scale of the model while there are excess suppliers in the market, administrative misconception and inefficient public management. As a result, farmers still stay at the weakest position and the shrimp sector could not improve its product safety to adapt the requirement of import markets.

The study results recommend necessarily a planning and projection of shrimp production zones, re-organizing shrimp farmers into legal teams or groups or cooperatives to increase the size of the existing shrimp cultivation units in Vietnam.

**KEYWORDS:** contract farming, value chain, shrimp, Vietnam.

**JEL CLASSIFICATION CODES:** Q19.

### **References**

- [1] Ho, T. M. H., Integration of farmer in the shrimp subsector in Mekong River Delta, Vietnam, 177 (2012).