



# TEA PRODUCTION BETWEEN CONTRACT AND NON CONTRACT FARMERS IN PHU THO PROVINCE OF VIETNAM



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## Introduction

Tea is one of key crops which substantially contributes to Vietnam's annual exports, creates jobs and raises income for farmers. However, tea production farmers are still facing many difficulties such as low farm management, disease control, etc. Of which, tea consumption is considered to be the most challenge and the main reasons is the low cooperation between farmers and other stakeholders in the tea value chain. The objectives of this study is to find out the linkage and benefit of contract farmer and none contract farmers in the model of cooperation between farmers and tea processing company .

## Material and Method

The paper based on the semi-structure, standard questionnaires and Participatory rural Appraisal (PRA) method to collect data from 110 tea production farms in Phu Tho province in the Northern area of Vietnam in 2015.

Five-point LIKERT scale was also used to assess the satisfaction of the farmers with each criteria, ranging from (1) Very dissatisfied, (2) Dissatisfied, (3) Neutral, (4) Satisfied and (5) Very satisfied. Satisfaction index is the weighted average of the number of farmers in each level of satisfaction and the coefficient of each level, where "very dissatisfied" scored 1, and "very satisfied" scored 5.

## Results and Discussion

**Table 1: Result of Tea production**

	Unit	Worker farmer (land of company)		Contract Farmer (land of farmers)		None Contract farmer (land of farmers)		P value
		Mean	SD	Mean	SD	Mean	SD	
		n = 40		n = 30		n = 40		
Land	ha	<b>0.64</b>	0,3	<b>0.43</b>	0,3	<b>0.44</b>	0,27	0,005
Productivity	Ton/ha	<b>21.4</b>	4	<b>16</b>	4	<b>17</b>	3	4.8E-09
Cost of production	Thousand VND	<b>35.824</b>	11.921	<b>31.361</b>	8.116	<b>31.530</b>	9.595	0,006
Turnover	Thousand VND	<b>83.999</b>	15.966	<b>65.059</b>	17.111	<b>70.715</b>	14.496	6.2E-07
Value added	Thousand VND	<b>52.965</b>	11.505	<b>38.801</b>	15.425	<b>44.278</b>	13.890	0,001



Source: Survey result, 2015

**Table 2: Satisfaction of farmers about tea production**

Items	Worker farmers	Contract farmers	None Contract farmers
<b>1. Materials</b>			
Fertilizer quality	4	4	3.6
Pesticide quality	4	3.3	3
Price	3.2	3.2	3.3
Convenient	4	4.3	3.9
Late payment for material	3.9	3.7	3.6
<b>2. Useful technical training</b>	3.4	3.7	3.1
<b>3. Payment of buyers</b>	3.1	4	4.1
<b>4. Stable output level</b>	4.1	3.8	3.7
<b>5. Reasonable selling price</b>	2.4	3.3	3.6

Source: Survey result, 2015



## Conclusion

- The contract farming in tea production in the study sites was still not tighten and did not reflect clearly its real roles.
- Worker farmers had strong cooperation with tea processing company. They received the highest productivity, turnover and value added and the most satisfied because they had received the most support from tea processing company including technique, quality of inputs and exploit the economy of scale. However, they dissatisfied about price of fresh tea as the price almost was imposed by the company.
- Contract farmers had quite close cooperation with the tea processing company and received some supports from company. However, their linkage was not good. They achieved not as high benefit but quite satisfied with their results and contract.
- None contract farmers who although received reasonable results recently, they still did not assure the production, would like to engage in some kinds of cooperation in the future.