

## **THE FOOD SYSTEM TRANSFORMATION IN VIETNAM:**

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### **SUMMARY OF RESEARCH DISSERTATION**

Food systems are in a process of profound changes on a global scale. Multinational food processing and retailing companies spread globally. This trend is driven by changing consumer demand for food with new safety and quality attributes and by liberalized trade and investment policies. While the influence of the public sector has gradually diminished, private companies bring about new approaches in supply chain governance including private food safety and food quality standards. These developments have important implications for all stakeholders involved in food supply chains, including small-holder farmers in developing countries.

In an empirical analysis, a dataset of 50 Vietnamese fruit and vegetable processing firms is employed. In a basic model specification, we explain the export status of a processing firm by a logistic regression approach. Significant positive impacts of QAPs on international market access are detected. The results in a disaggregated model show that the type of QAP differentiates between OECD and non-OECD markets. While the overall probability of exports at a given QAP status does not vary much at different levels of domestic sales, the relative probability of OECD versus non-OECD-exports decreases exponentially, particularly for firms with international QAPs.

Demand elasticities for high-value horticultural products are estimated and demand projections are made based on a survey of 499 households in Vietnam's two major cities. Disaggregated expenditure elasticities for fresh fruits and vegetables from emerging supply chains are significantly higher than the aggregate elasticity. This applies in particular for modern retailers and non-traditional imports. Likewise, these elasticities are higher than the disaggregated elasticities for products from traditional supply chains. Purchased quantities of fresh fruits and vegetables from modern supply chains are projected to grow rapidly over the coming years. Growth is particularly high for products from modern retailers, but also for imports from non-neighboring countries.

Contingent valuation methods are employed to estimate willingness-to-pay for innovative horticultural products. We exploit the potential to gain a more functional understanding of food attribute valuation and the underlying psychological process by employing a mediation framework that explicitly considers consumer perceptions. This framework was first developed within psychological research and recently applied in an analysis of consumer attitudes towards agrobiotechnology. Based on models considering socio-demographic and media predictors as well as consumer perceptions as mediators, we estimate the mean WTP for the food safety attribute to be 60% and for convenience to be 19% higher than the current market price of the respective vegetables.

The results of these studies have important implications for the horticultural industry and for rural development strategies in poor countries. Increasing export and domestic consumer demand for high-value agricultural products offers new income earning opportunities, provided that actors in the food systems manage to adapt properly to the new market conditions.