



## Thesis Abstract

### **Spatial Integration of Rice Markets in Vietnam**

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The study examined the extent, pattern, and degree of spatial integration of rice markets in Vietnam. The dynamic relationship of rice export prices in Vietnam and Thailand was analyzed and the impact of rice trade policies on the integration of the domestic rice market and in the export market was assessed.

Monthly retail rice prices covering the period 1986-2005 were gathered from Vietnam's General Statistics Office and the Price-Market Research Institute; weekly rice export prices of Vietnam and Thailand were obtained from Vietnam's Ministry of Trade and the United States Department of Agriculture. The Johansen cointegration and various tests in the cointegrated system and the method of estimating common long-memory components were applied.

The results showed a narrow extent of market integration in the domestic rice market. However, prices were transmitted well among the integrated rice markets, indicated by the Law of One Price (LOP) being upheld. The integrating factor showed that the supply side was the most important in shaping the long-run behavior of rice prices in Vietnam. No single market was found to be the price leader in the long run.

The rice export prices of Vietnam and Thailand were found to be cointegrated and these conformed with the LOP, but Vietnam was less active compared with Thailand in responding to changes in world rice price. While domestic reforms and rice trade policies had positive impacts on the integration of domestic rice markets, the removal of export quota played insignificant role in determining the relationship of rice prices in Vietnam and Thailand.

The study recommended improving the extent of domestic rice market integration in the country by focusing government assistance on the development of roads, communication, and other market-related infrastructure. Food policies should be first initiated in the supply regions and, in the short run, directly target the poor and mountainous areas. To improve its rice export price and become more active in the world rice market, Vietnam should (i) adopt modern postharvest technologies and develop better rice varieties, partly supported by a portion of rice export earnings; (ii) develop an integrated rice marketing chain from farmers to exporters; (iii) enhance the capacity to do rice market analysis and forecast; (iv) encourage rice-exporting enterprises to follow certain rules to avoid cut-throat competition; and (v)

establish a system of rice standards and create a trade mark for Vietnamese rice.