

**Paper title:** Trade liberalization impacts on the welfare of rice farmers in Vietnam

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### **Abstract**

Recent research into the link between trade liberalization and welfare, particularly poverty reduction, has provided mixed results as studies have gone beyond static to more dynamic assessments of poverty and welfare impacts. Given household heterogeneity and the degree of mobility observed in the status of the poor, some factors that may affect poverty and welfare in one period may not be at work in subsequent periods.

This paper utilizes available longitudinal household surveys to analyse the dynamic aspects of farm household welfare under impact of trade liberalization in Vietnam during the 2000s period. Four sets of Vietnamese Household Living Standards Surveys (VHLSSs) from 2002 to 2008 provide continuous panel datasets are used in welfare analysis of rice-growing household welfare. The micro-determinant model with quantile regression in Justino, et al. (2008)'s approach will be applied to investigate cross-sectional dynamic changes in the welfare at household level.

We found that trade openness improved household welfare over the period. Specifically, export activity is one of the factors that can contribute to improving the welfare of rice households in Vietnam. However, differences in regional impacts of trade openness are also important and the contrast in impacts between the two main rice producing regions of Vietnam is marked. While rice households in the Mekong River Delta benefited from rice production, those in the Red River Delta experienced saw declining welfare over time. Price and employment channels were also tested. Rice price at commune level significantly enhanced the welfare level of households while employment channel showed variations over periods with negative impact in 2004-2006 but positive during 2006-2008.

JEL Classification: F61, I31, O12, Q12

Key words: trade openness, farm households, welfare, rice.