

Impact of Liberalized Border Trade on Rural Households and Their Land Use: The Case of Laos-China Border Area

Takeshi Sakurai^{1*}, CHIEN, Hsiaoping¹, SAYAVONG, Somboune³, XUAN, Yi⁴, KANG, Yunhai⁴

¹Hitotsubashi University, ²JIRCAS, ³Policy Research Center, Lao PDR, ⁴Yunnan Academy of Social Sciences

In Asia trade liberalization has been rapidly going-on. At the macro-level, liberalized trade should enhance efficiency and promote economic growth. However, it is relatively unknown what kind of impacts the liberalization has on rural households and their land use in remote, border area. In order to answer these questions, this paper utilized household data collected by household survey conducted in Laos-China border area in 2010. The sample size is 120 households in Louang Namtha Province, Laos and 120 households in Xishuangbanna autonomous prefecture, Yunnan, China.

In Laos, rubber planted area of sample households is increasing since 2005. Due to the increasing rubber plantation on upland, forest and fallow land are decreasing. In the Lao study site, rice is grown in lowland, and hence there is no conflict in land use between rubber and rice. However, rice producing area is decreasing slightly since 2005 probably due to labor allocation. In Yunnan, land for staple food crops (rice and maize) is decreasing while that for rubber is increasing in recent years. Farmers now purchase rice including rice imported from Laos. Most of the paddy fields are now leased out to banana growers.

Thus, the border trader between Laos and Yunnan has impacts on agriculture and land use of both sides. In Laos, farmers export rice to Yunnan. In Yunnan, farmers grow rubber on upland and rent-out lowland to banana growers. This is a more efficient resource allocation compared with the situation before the trade liberalization, and households on both sides seem to have become better off. However, concerns are the reduction of biodiversity due to rubber plantation on Lao side and a threat to food security caused by the specialization on Yunnan side.

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