

Making sense of flexibility within value chains - Observations in the rubber sector in Southern China

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Abstract: *Volatile market and price developments pose risks for small-scale farmers who rely on production of one commodity as their main income source. Value chain development initiatives often promote vertical coordination like contracting and/or horizontal cooperation among actors in such a situation, in order to increase income security for smallholders and to ensure their participation in the chain. Analysing the regional value chain for rubber in Xishuangbanna, Southwest China, we show that under certain circumstances chain actors may have good reasons for maintaining spot market relationships and flexible transaction processes, and that smallholders are not always the weakest actor in a value chain. These circumstances are examined and theory-based explanations offered. Conclusions are drawn on possible implications for strategic farm management as well as for the initial analysis in value chain development programmes. Besides, the paper offers a rare insight into the functioning of rubber value chains, a topic insufficiently covered in scientific publications so far.*

Keywords: *value chains, smallholders, power, flexibility, embeddedness, China, rubber*