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AGB/2012/057

Cross border vegetable trade - a Guang Xi case study

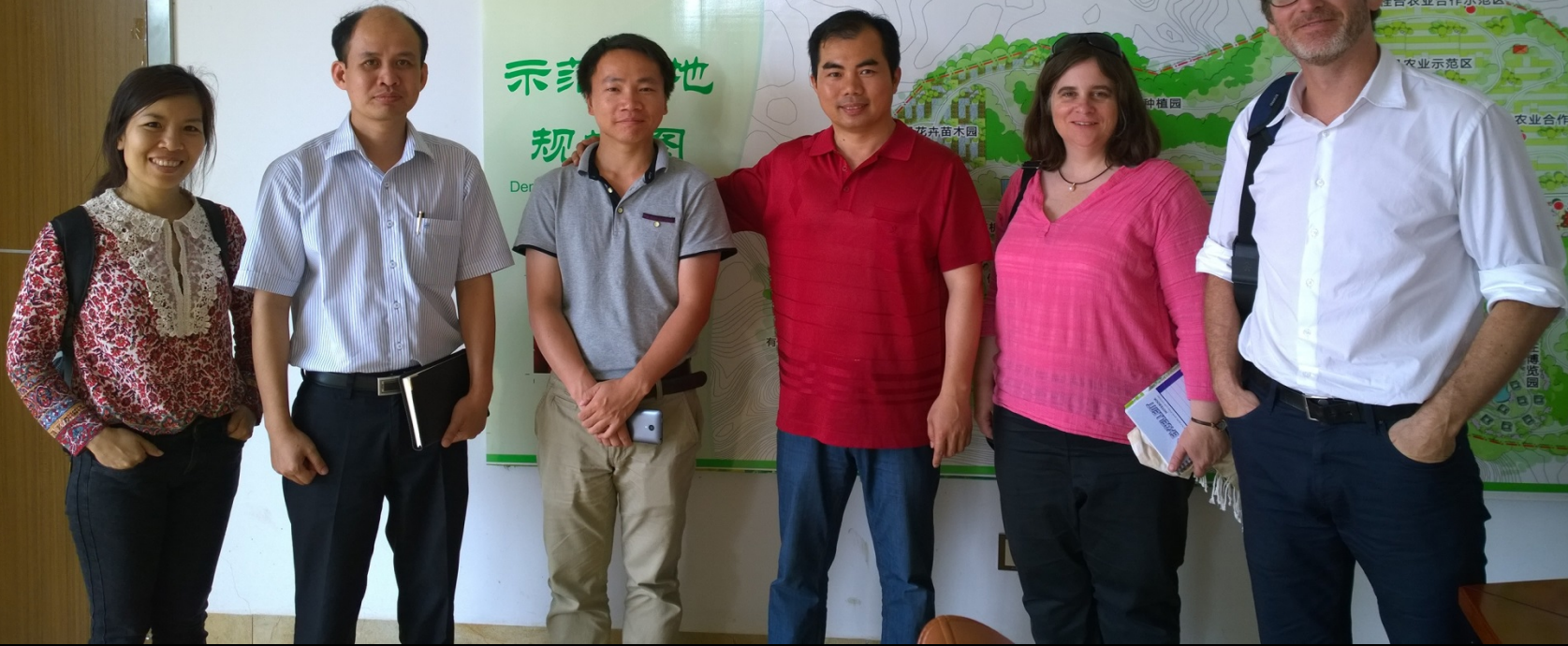
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广西博元生态农业科技有限公司
Guangxi Boyuan Eco-Agriculture Technology Co., Ltd.

示范基地
规划图

Der



Background

- ✚ Complementary research activity to the market analysis of local, provincial and urban markets undertaken as part of *AGB-2012-059 Towards more profitable and sustainable vegetable farming systems*
 - ✚ Designed to inform AGB-2012-059 enabling the design of further market analysis and consumer research in China
 - ✚ Focussed on exports and imports
 - ✚ Preliminary understanding of Nanning market to inform future consumer research
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Approach

Guang Xi – Lang Son Border

- ✚ Observational visits to border posts along the Guang Xi – Lang Son Border and logistics centres in Puzhai & Ping Xiang
- ✚ Interviews with exporters, companies & transport operators

Information sought:

✚ Exports

- ✚ Main vegetable products by volume and destination
- ✚ Details on any specialist products (eg. indigenous vegetables)
- ✚ Quality exported
- ✚ Border procedures & costs

✚ Imports

- ✚ Main vegetable products by volume and destination
 - ✚ Details on any specialist products
 - ✚ Quality requirements
 - ✚ Border procedures & costs
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Approach

Nanning Market

- ✚ Observational visits to farms and wholesale & retail markets
- ✚ Interviews with cooperatives, wholesalers and supermarket

Information sought:

- ✚ Statistics and information on vegetable production in Guang Xi including major production centres
 - ✚ Origin & seasonality
 - ✚ Quality requirements for cabbage, tomatoes, chilli & broccoli
 - ✚ Postharvest management and logistics
 - ✚ Opportunities for temperate vegetables in the market
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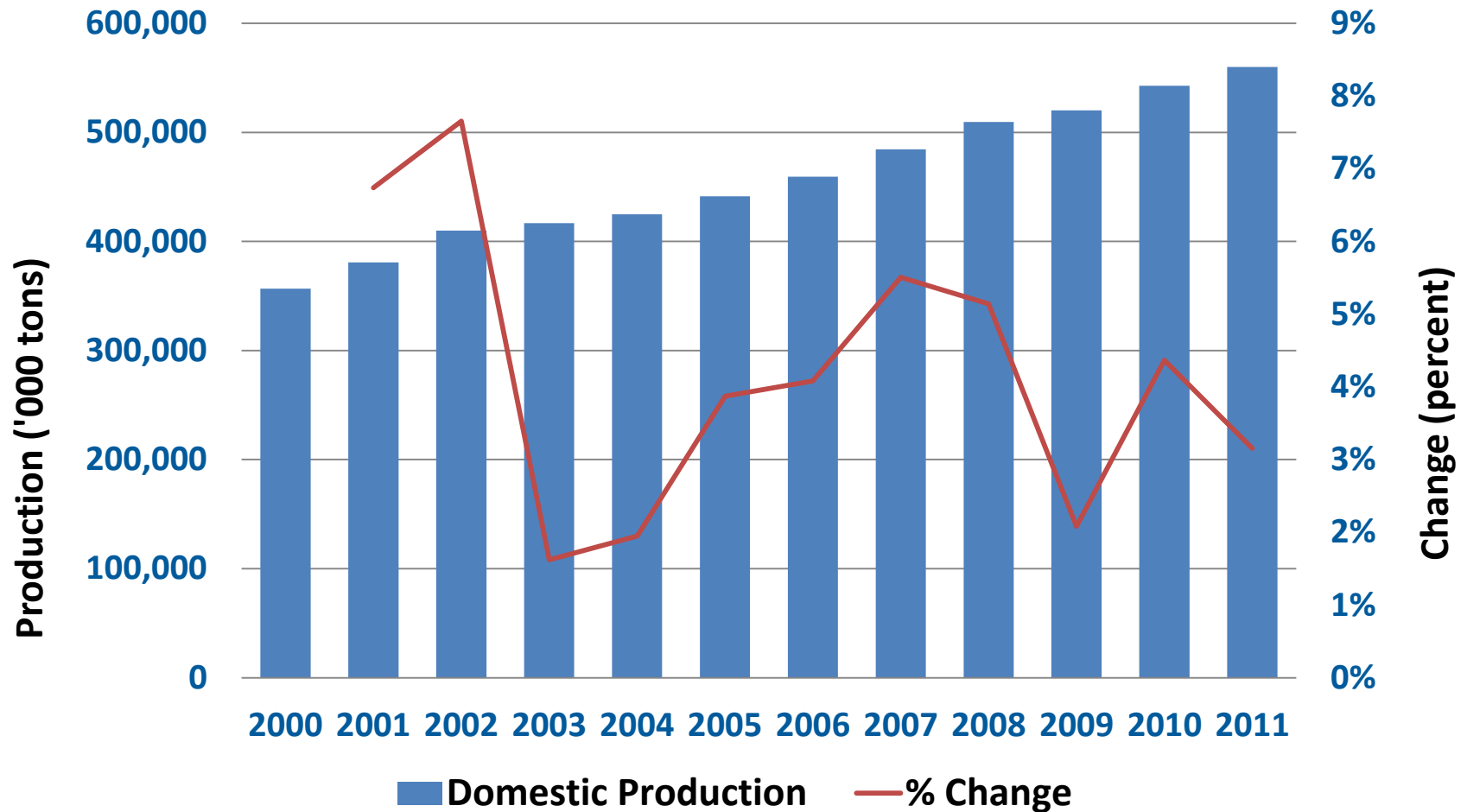




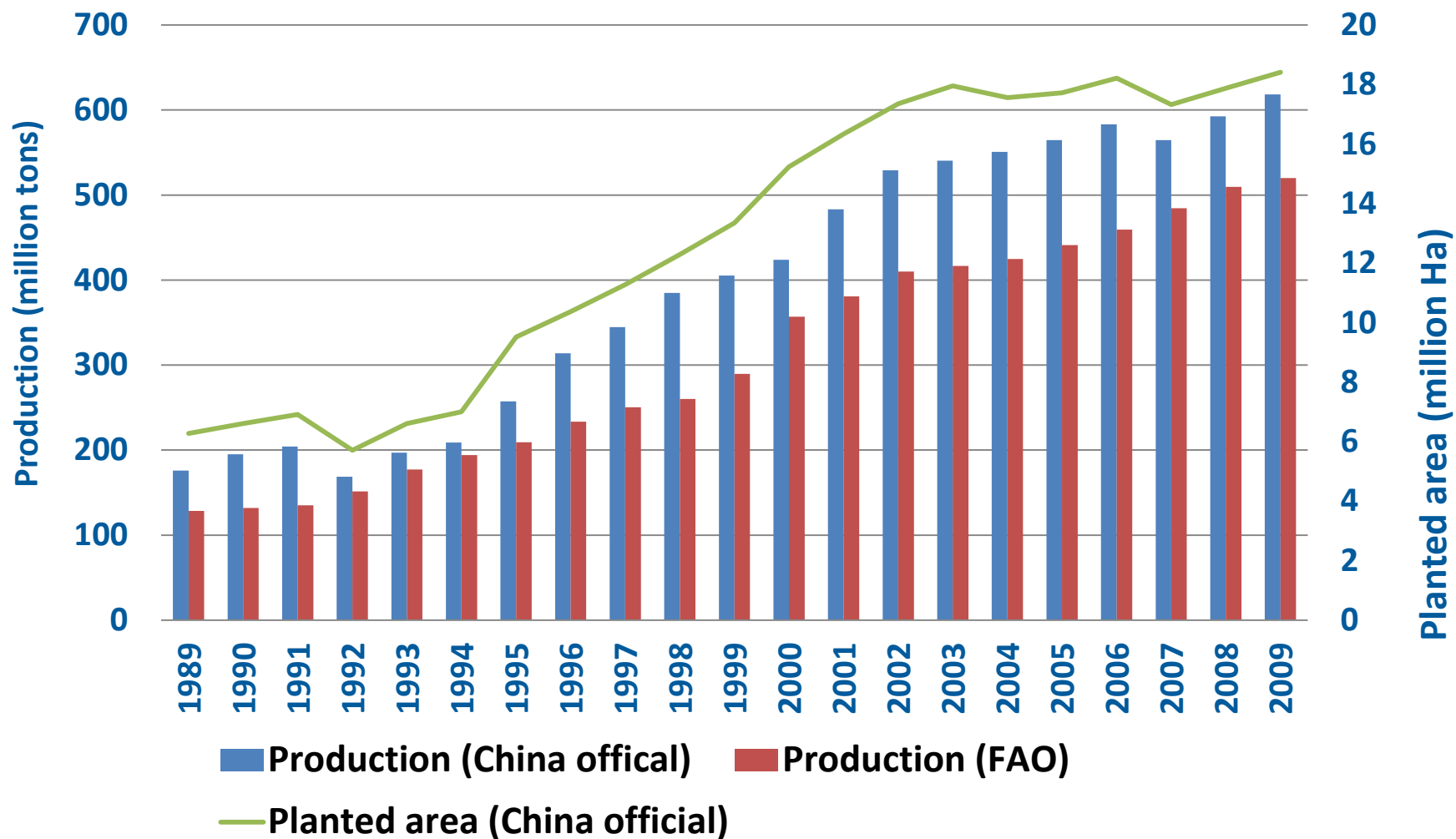




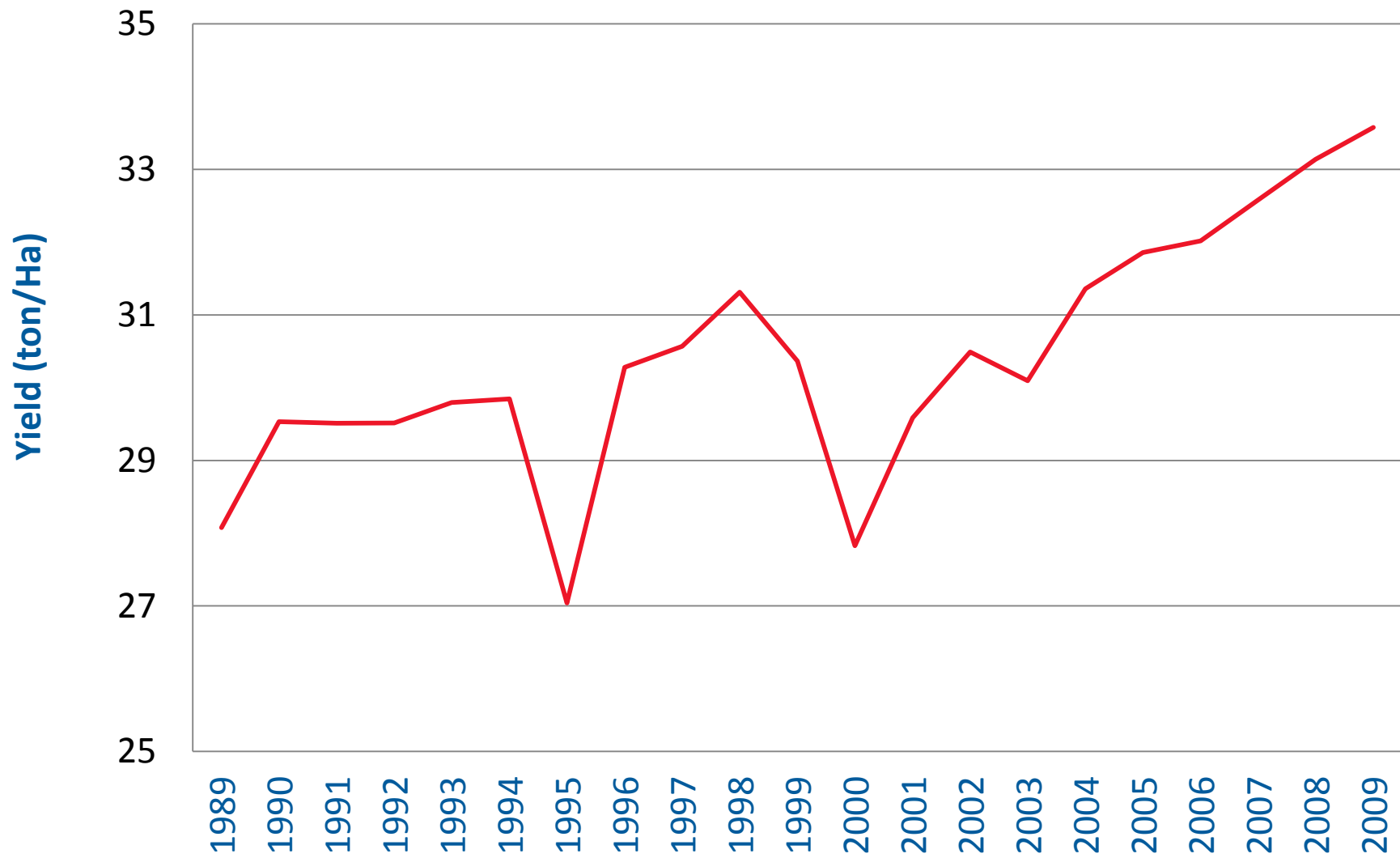
Vegetable production in China is increasing 2-5% annually



Area expansion



Productivity





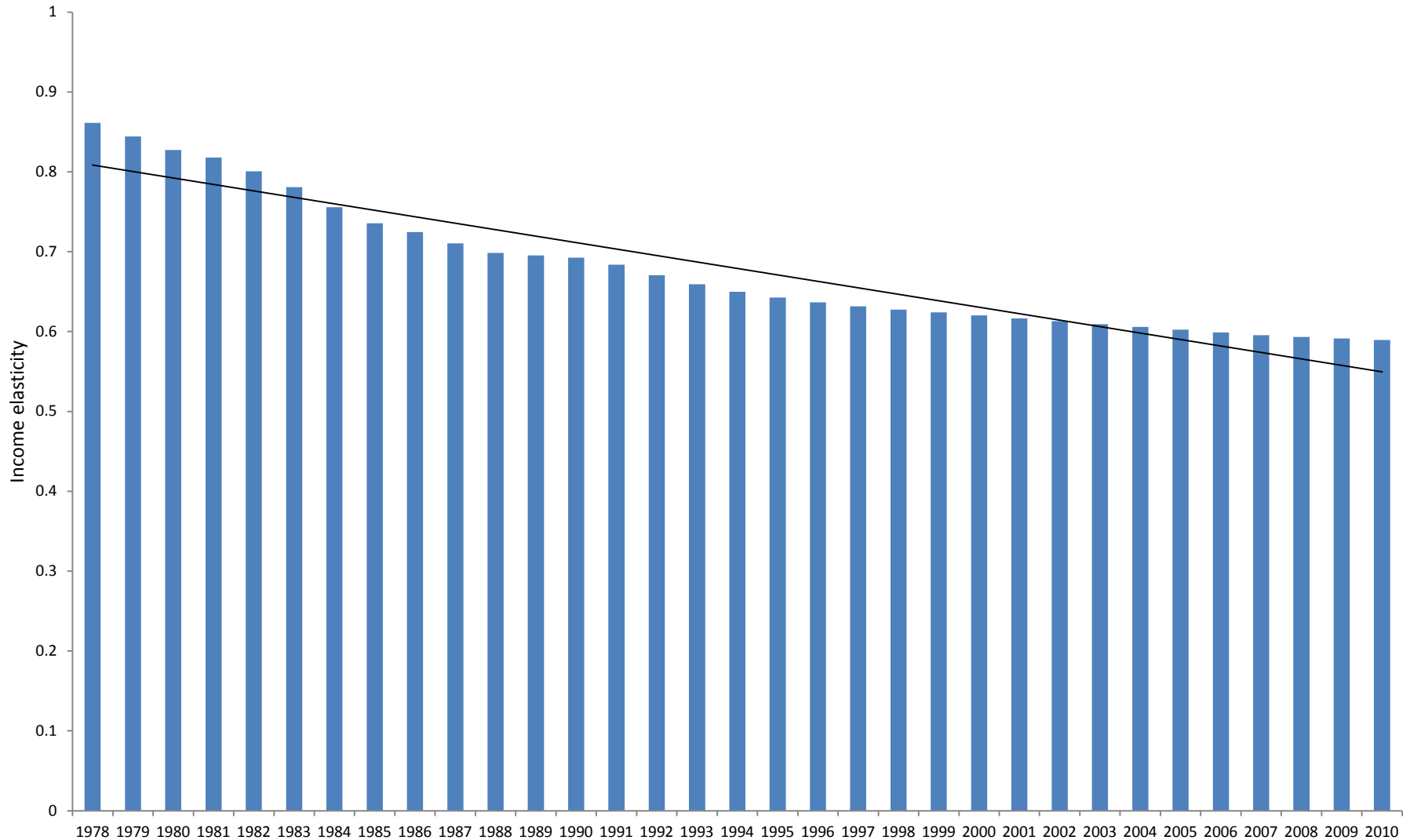


Consumption has been growing by 2% to 5% annually

Year	consumption	consumption growth	GDP growth	urbanization rate
2000	353,029	-	7%	36%
2001	375,854	6%	8%	37%
2002	404,238	8%	8%	39%
2003	409,904	1%	9%	40%
2004	417,340	2%	9%	41%
2005	432,658	4%	11%	43%
2006	450,116	4%	12%	44%
2007	473,790	5%	14%	45%
2008	498,834	5%	9%	47%
2009	509,771	2%	9%	48%
2010	531,141	4%	10%	49%
2011	546,855	3%	9%	51%

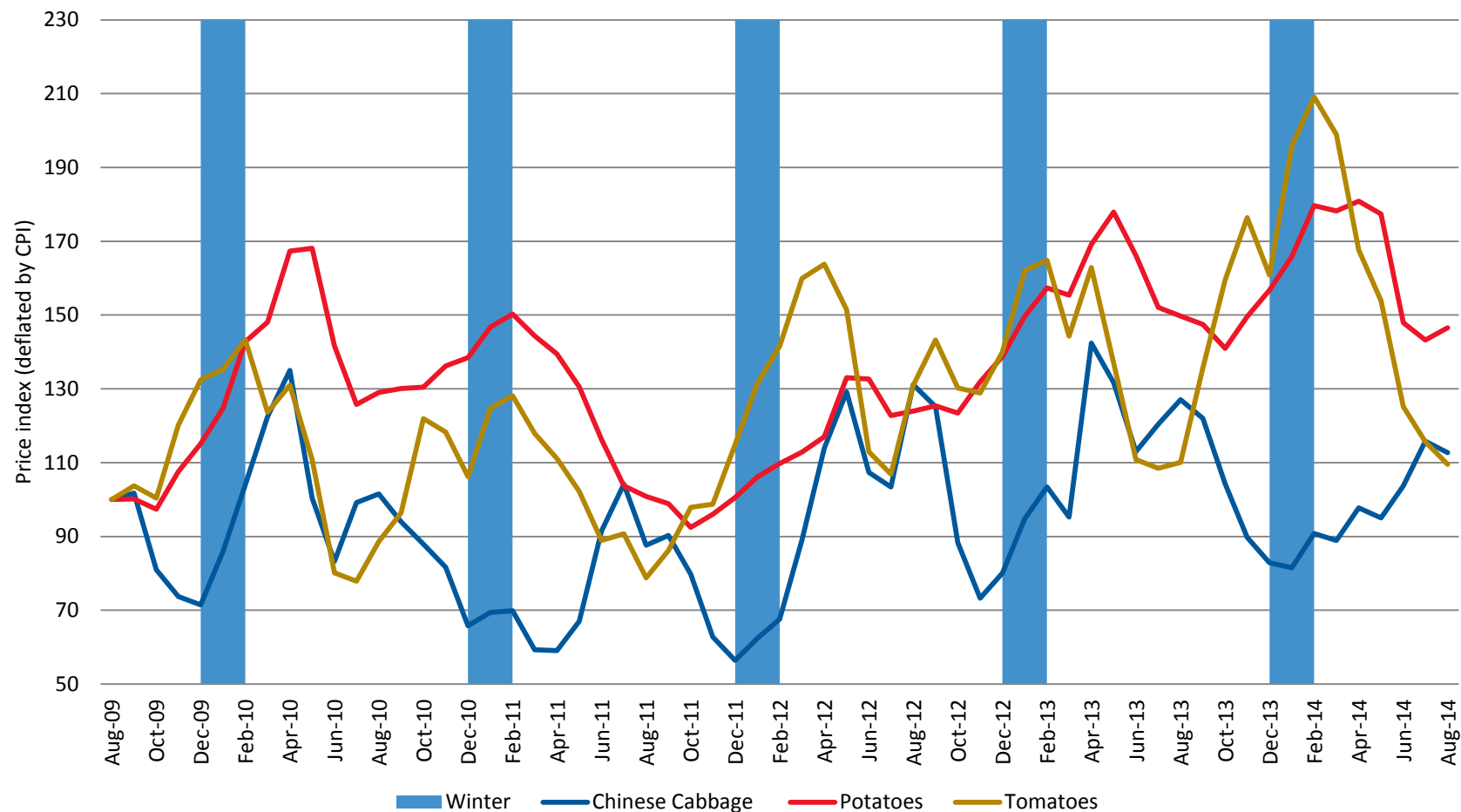
Source: Food Balance Sheet Database, FAO; World Bank (2014)

But income elasticity of demand is declining



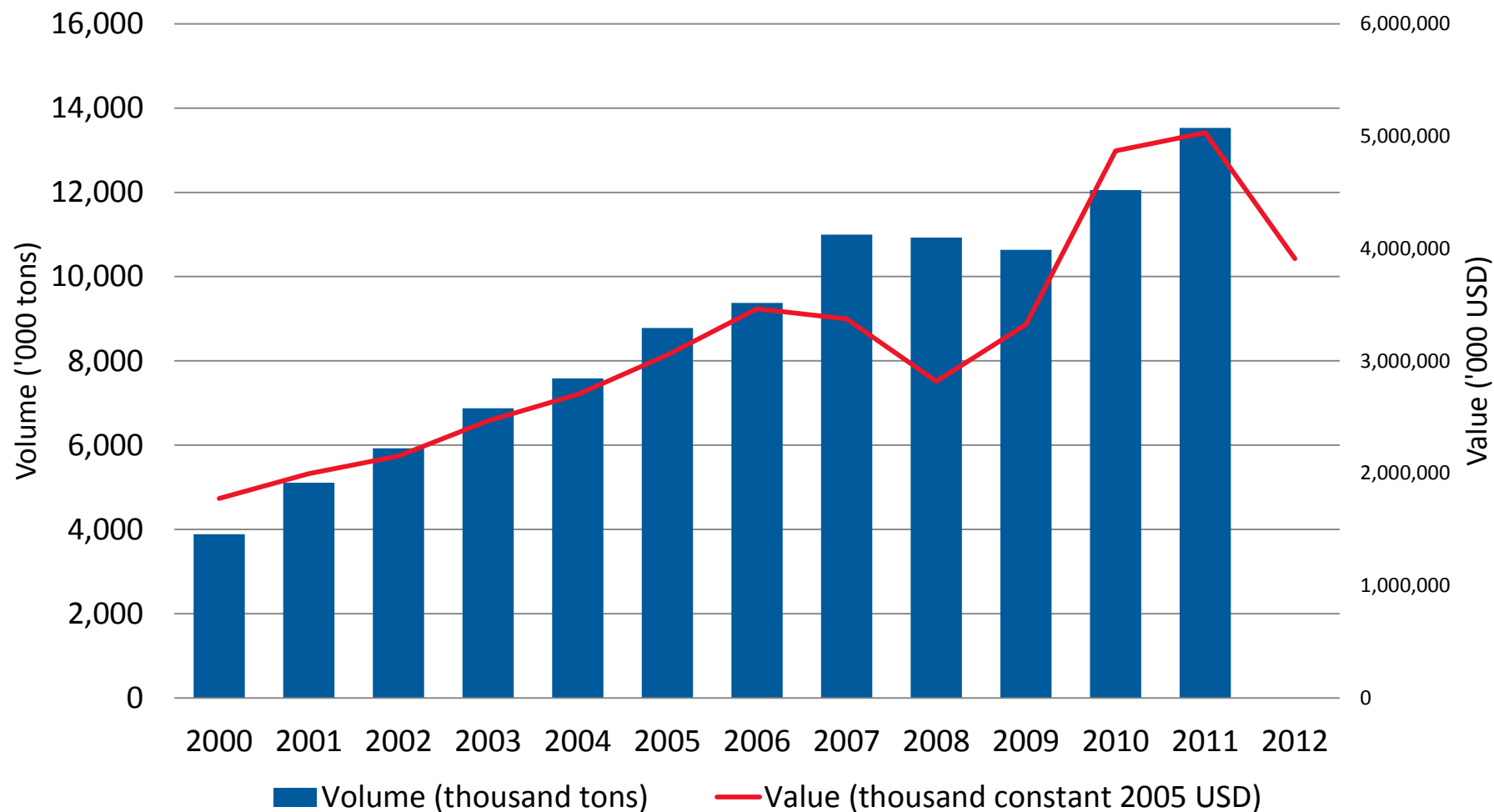
Source: Appendix A, Zhou et al. (2012)

Retail price patterns



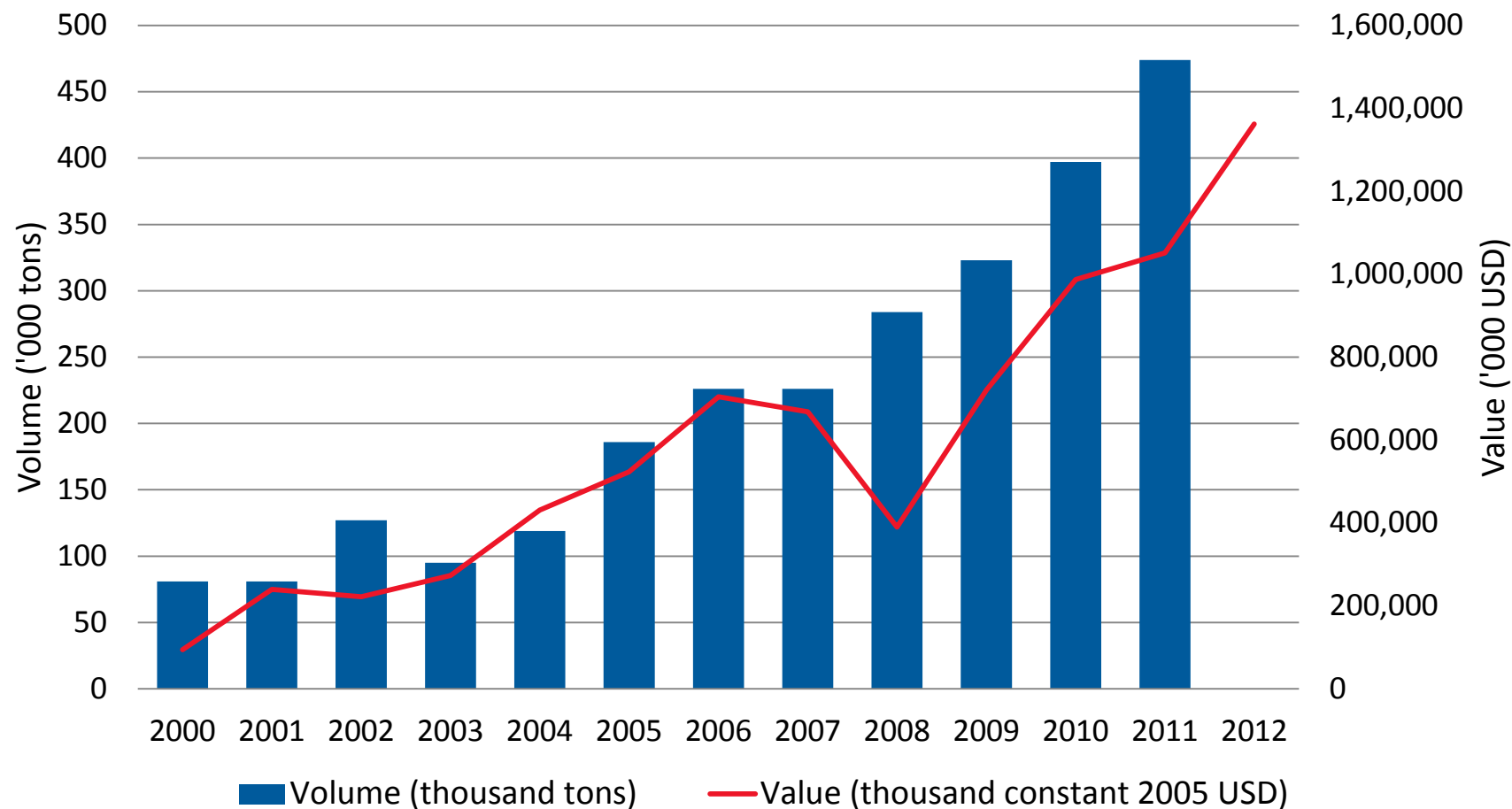
Source: Authors' calculation based on data from the National Bureau of Statistics of China

Vegetable exports are rising



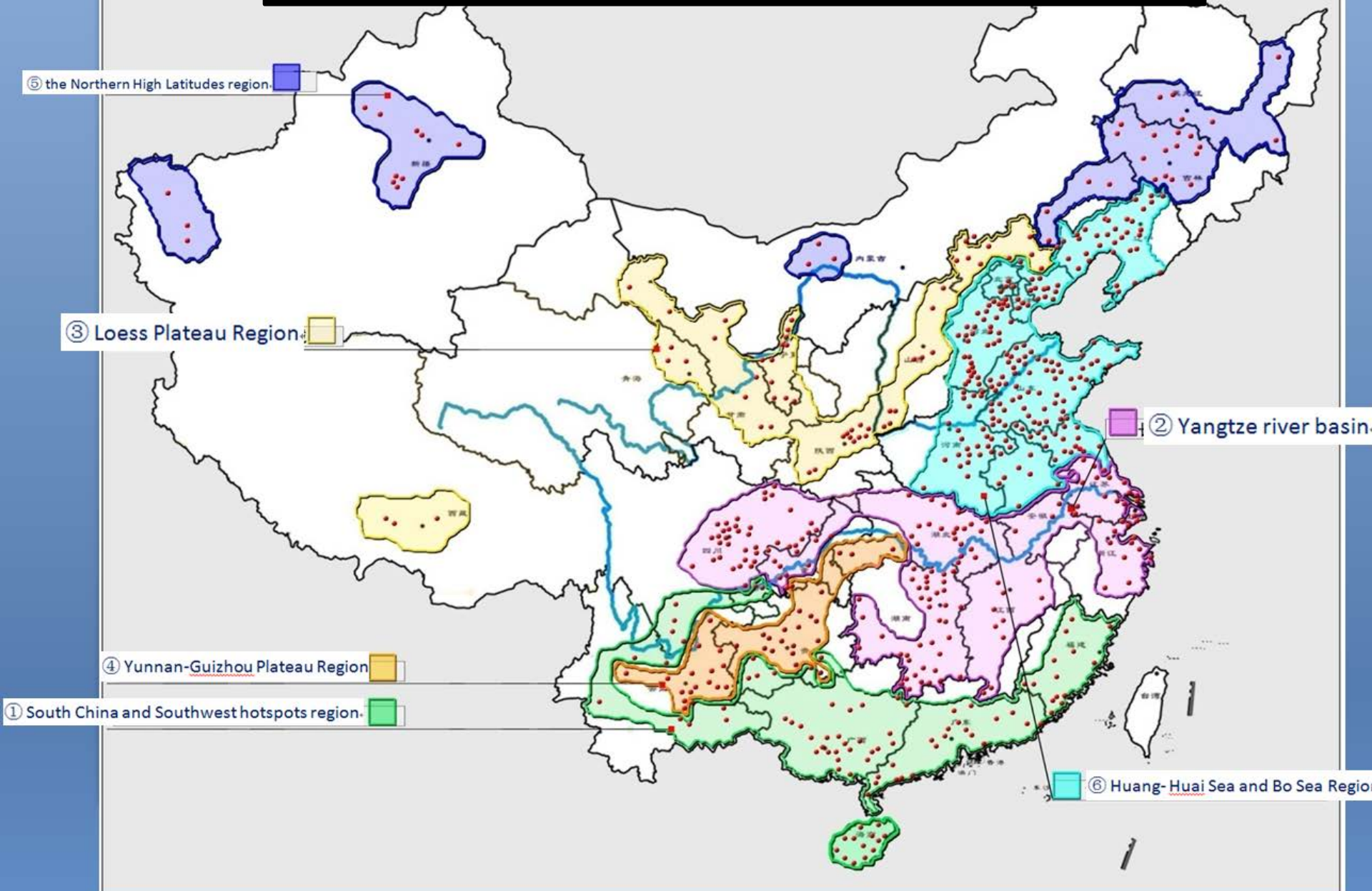
Source: Food Balance Sheet Database, FAO and UN Comtrade Database.

Vegetable imports are much smaller but rising rapidly



Source: Food Balance Sheet Database, FAO and UN Comtrade Database.

China Vegetable Regions



Production is concentrated in East, Central South and North China

	Average annual production 2007-2009 '000 tons	Share of domestic production %
North	93,515	15.8
North East	42,252	7,1
East	189,213	32
Central South	118,668	20,1
South	48,540	8,2
of which: Guangxi	20,214	3,4
South West	60,274	10,2
of which: Yunnan	9,826	1,7
North West	36,224	6,1
China	591,721	100

Source: Department of Crop Production, Ministry of Agriculture of China

Dry, less perishable vegetables are imported through the Lang Son border





无锡市圣兴进出口贸易有限公司
WUXI SHENGXING IMPORT AND EXPORT CO., LTD.
0510-82241511 0510-82241512





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These vegetables are sourced from main production areas across China

Shallot and garlic

Shandong (East China): largest vegetable producer
Fujian (East China)
Myanmar

Potato

Shandong (East China)
Henan (Central South China): third largest vegetable producer
Xinjiang (North West China)
Inner Mongolia (North China)

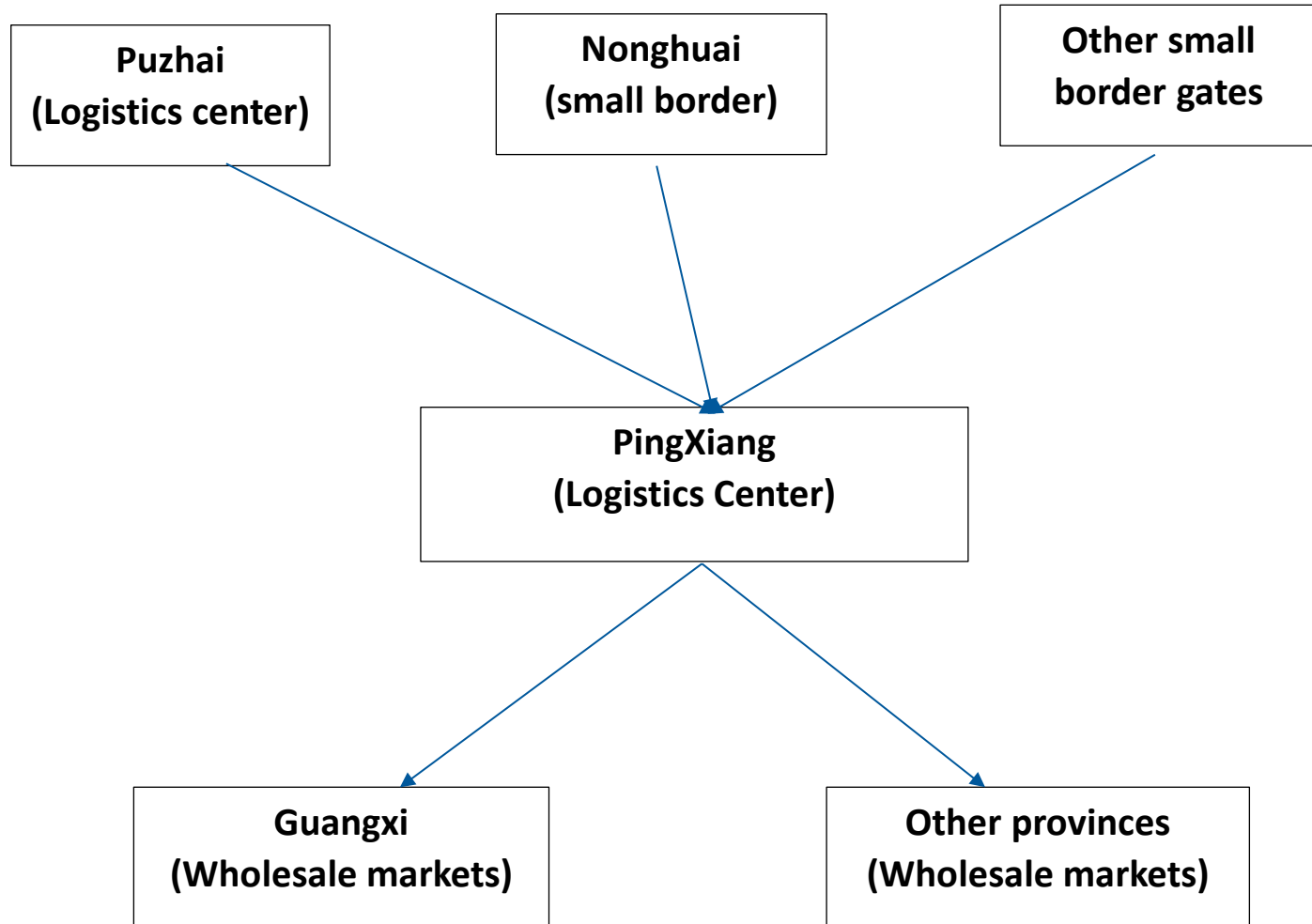
Carrot


Hebei (North China): second largest vegetable producer
Hunan (Central South China)
Shandong (East China)
Fujian (East China)



Chilli is the main vegetable exported through the Lang Son border

Imports



A red truck is parked on a paved street, its bed filled with green cabbages. A green tarp is draped over the top of the cargo. Two men are standing near the truck: one on the left, partially obscured, and another on the right, looking towards the truck. In the background, there are modern buildings, including one with the Chinese characters '世贸西城' (Shi Ma Xi Cheng) on its facade. The sky is overcast.

Perishable vegetables (e.g. broccoli, cabbage, Chinese cabbage, cauliflower, tomato), green gourd, chayote fruit, etc are imported through the Lao Cai border

Yunnan is a major supplier

Seasonal patterns

[illegible]

Scale of the cross-border trade

Daily Volumes (tonnes)		
	Lang Son	Lao Cai
Imports	1,800 – 2,100	800 – 1,000 (Apr - May)
		1,500 – 2,500 (Jun - Oct)
		✓ Cabbage: 800 (Jun – Oct)
		✓ Broccoli and cauliflower: 150 – 200
		✓ Chayote fruit: 50 (Aug – Oct)
Exports	?	200 – 300 (Jan – Feb, chayote fruit)

Customs procedures are fairly efficient

- ✚ 20 – 30 minutes per truck
- ✚ Process is handled by a border agent, who also plays a market linkage role
- ✚ Border taxes and fees, plus truck loading: 280,000 VND/ton

Bac Ninh is the main distribution hub for vegetables imported through the Lang Son and Lao Cai borders

- ✚ 6 large traders
- ✚ Between 60 trucks (1,800 tons) and 70 trucks (2,100 tons) of imported vegetables per day
- ✚ Trucks transport fruit to the Puzhai border and vegetables on the return trip
- ✚ Vegetables are sent to different provinces in northern, central and southern Vietnam, as well as Laos

Next steps

 In-depth key informant interviews

 Lao Cai

 Yunnan

 Bac Ninh

 Consumer survey in China