



Vegetable trade in Lao Cai's urban markets

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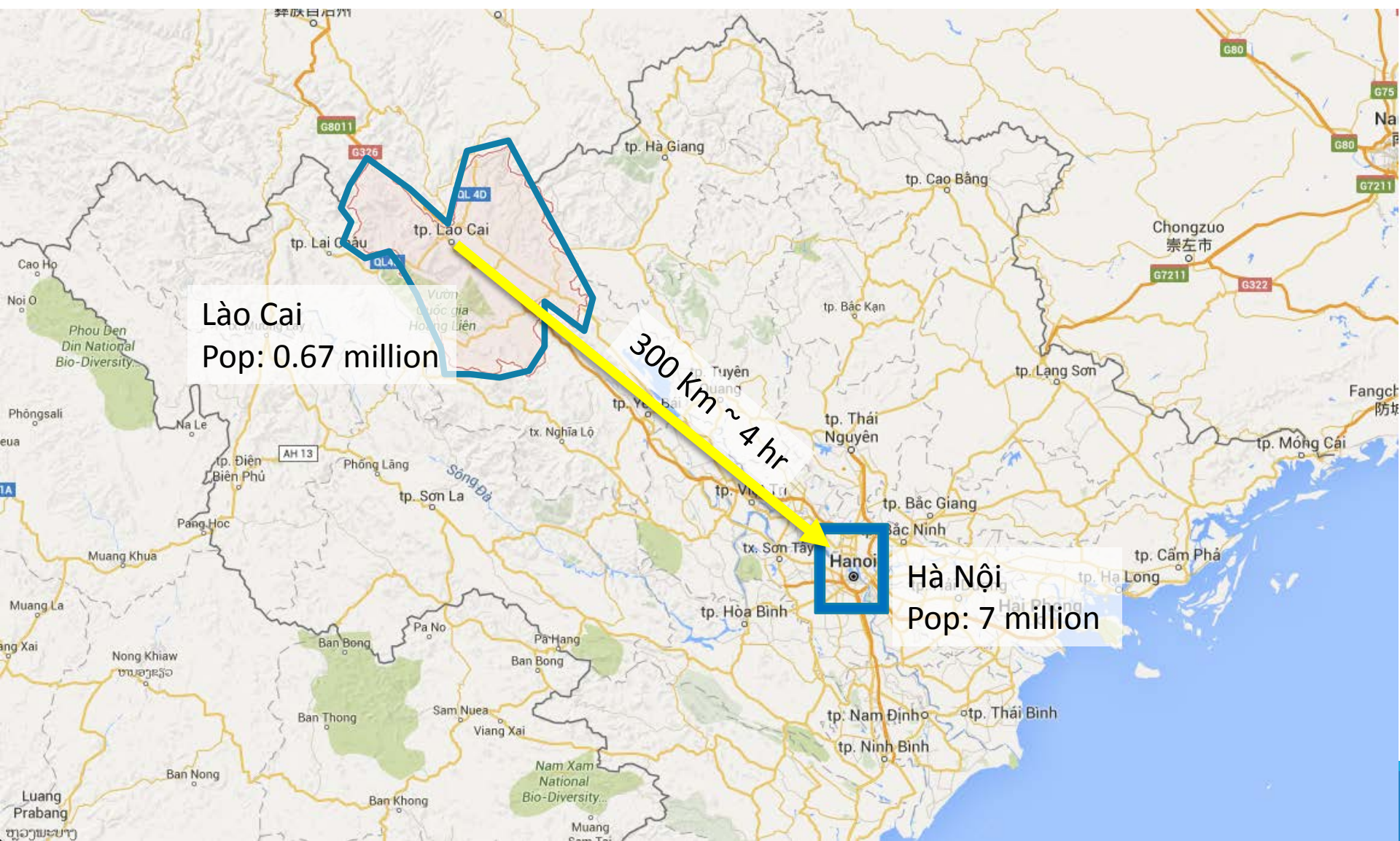


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Lào Cai





Lào Cai
100m



Bắc Hà
1,000m



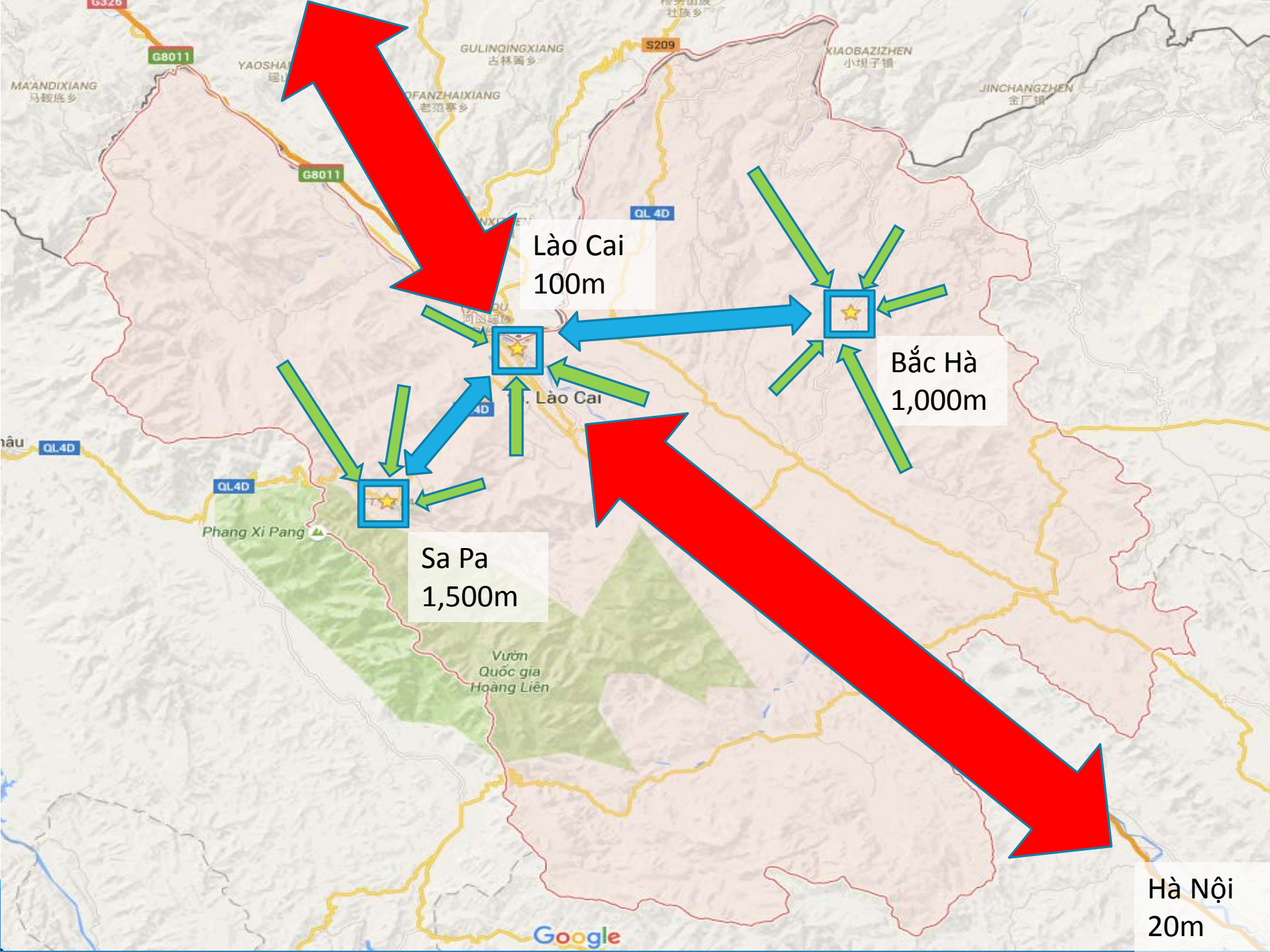
Sa Pa
1,500m

Hà Nội
20m



Cải mèò
H'Mong Mustard





Research Questions

- What is the structure of vegetable VCs that supply urban markets in Lao Cai?
- How are these markets connected to
 - Each other?
 - Hanoi market?
 - Chinese market?
- What are the opportunities & barriers to growth of these markets?
 - 'Import' & 'Export'? (Hanoi vs China)
 - Counter-seasonal? (Hanoi's off-season)
 - Product? (indigenous vs conventional)

Method

Commodities: 14

- [Cabbage, Broccoli, Tomato, Kohlarabi, Pumpkin, Mustards, French bean, Snow-pea shoot, Susu, Cao Meo, Bap Cai Xoe, Khoi Tu]

Geography: 3 main urban markets of Lao Cai

Scope: vegetables flowing through the market

Sample: 75 vegetable traders

Phase 1 – Rapid Reconnaissance

Phase 2 – Structured Case Studies

Method - Phase 1

Rapid Reconnaissance – identification of major actor types and segments in the VC

Collection

Wholesale

Retail

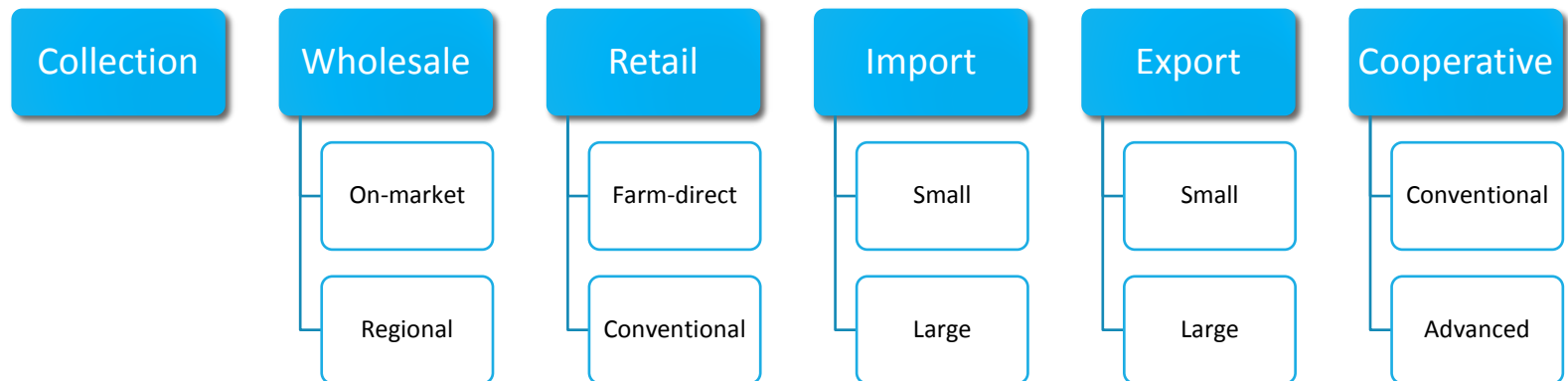
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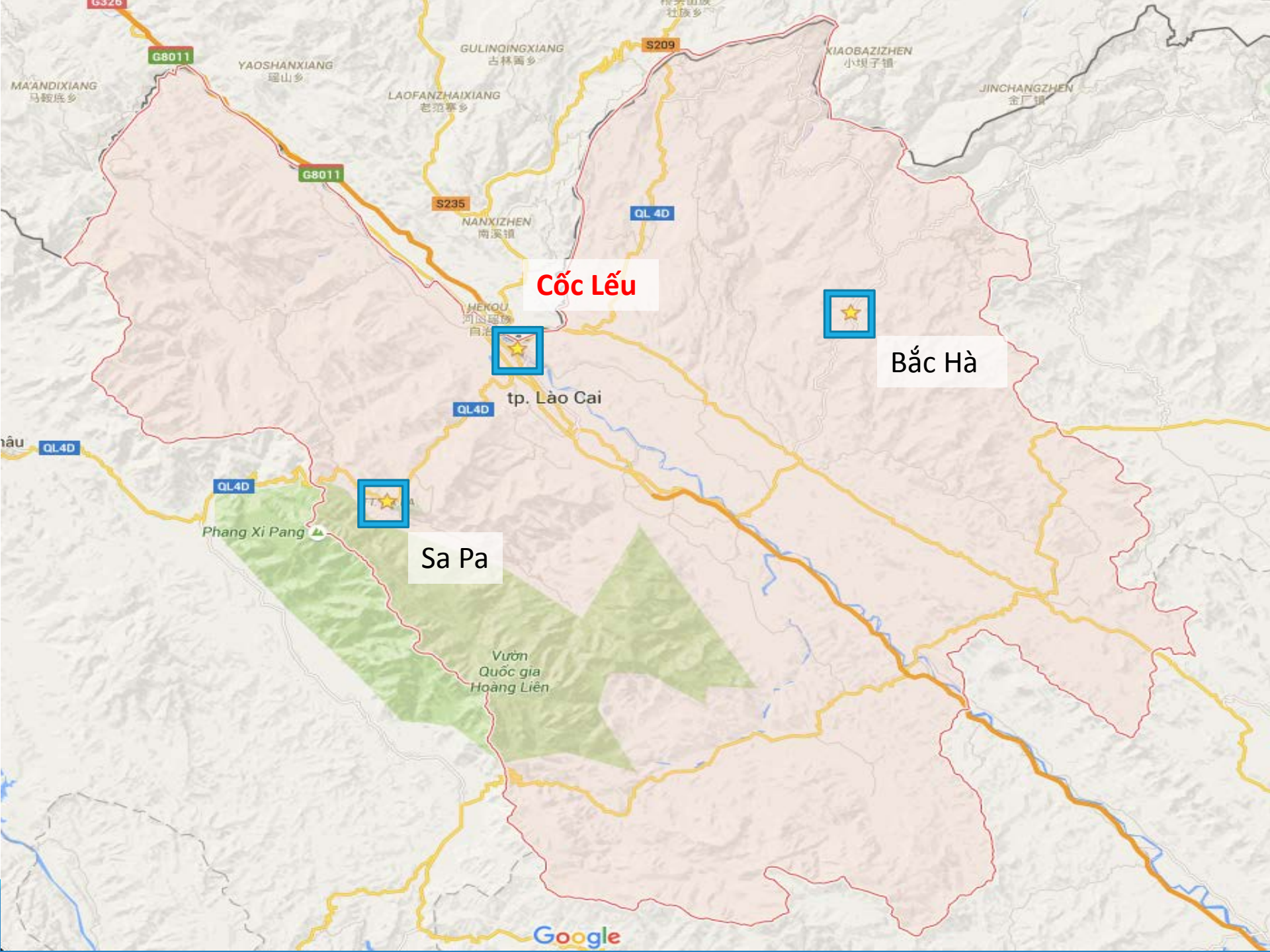
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Cooperative

Method - Phase 2

Structured Case Studies – stratification of each actor into types with case studies for each type





Cốc Lếu

Bắc Hà

Sa Pa

tp. Lao Cai

QL4D

QL4D

Phang Xi Pang

Vườn
Quốc gia
Hoàng Liên

Google





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Phang Xi Pang

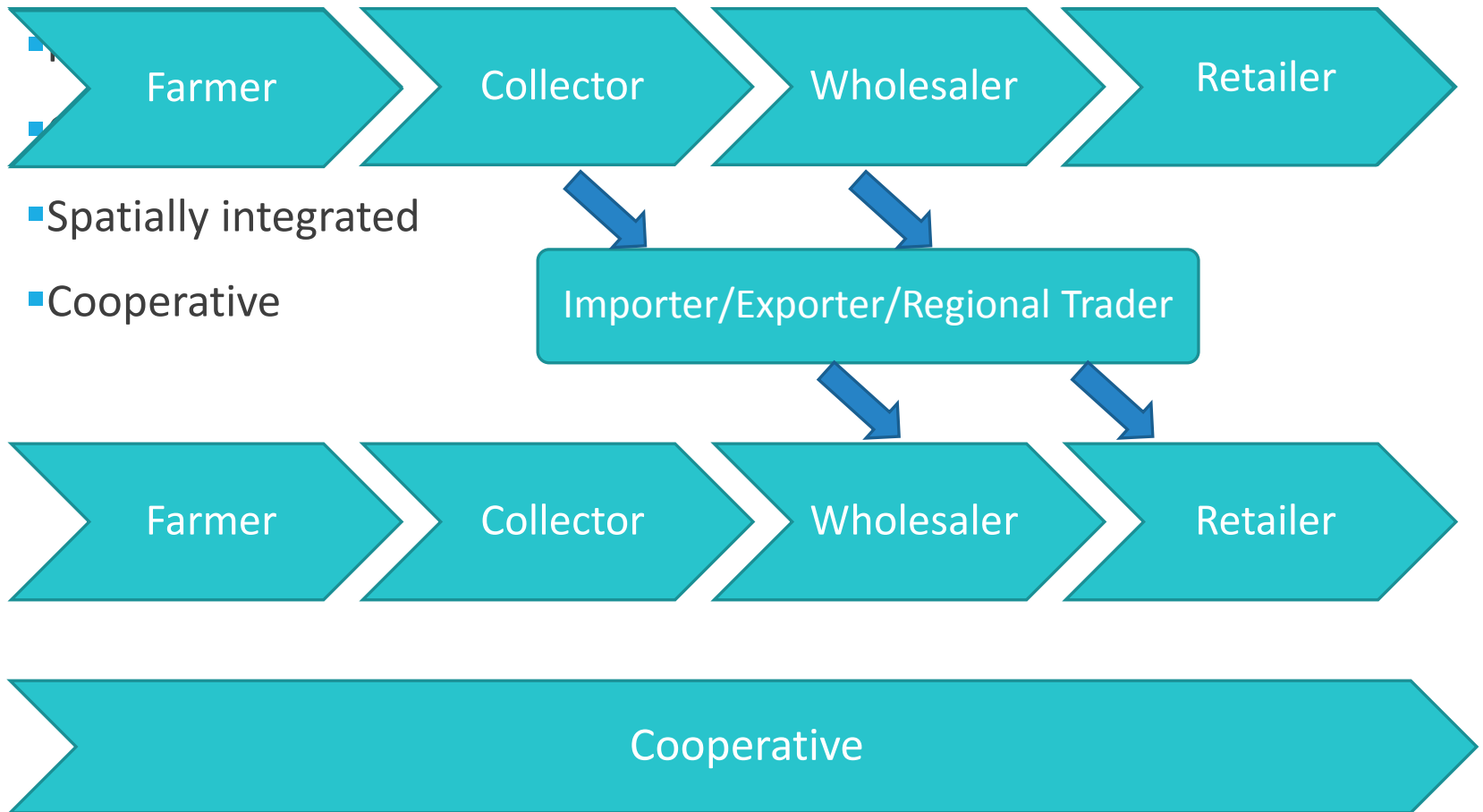
Vườn
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Hoàng Liên

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Stylized VCs



Stylized VC – Farm Direct

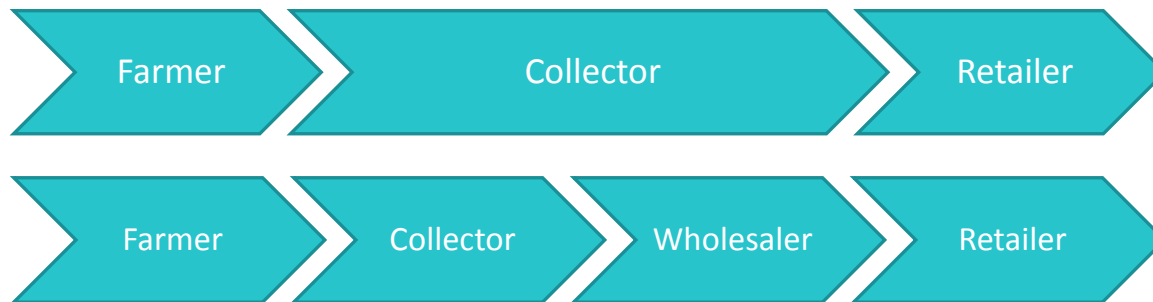
- Farmer markets directly in the market
- Commodity: Everything [supply push]; lots of indigenous
- Shipment size: ~ Small (basket)
- Market share: ~ 25 - 35 %





Stylized VC – Conventional

- Marketed via local collector
- Commodity: Everything [supply push]; limited indigenous
- Shipment size: ~ Motorcycle load
- Market share: ~ 10 - 20 %



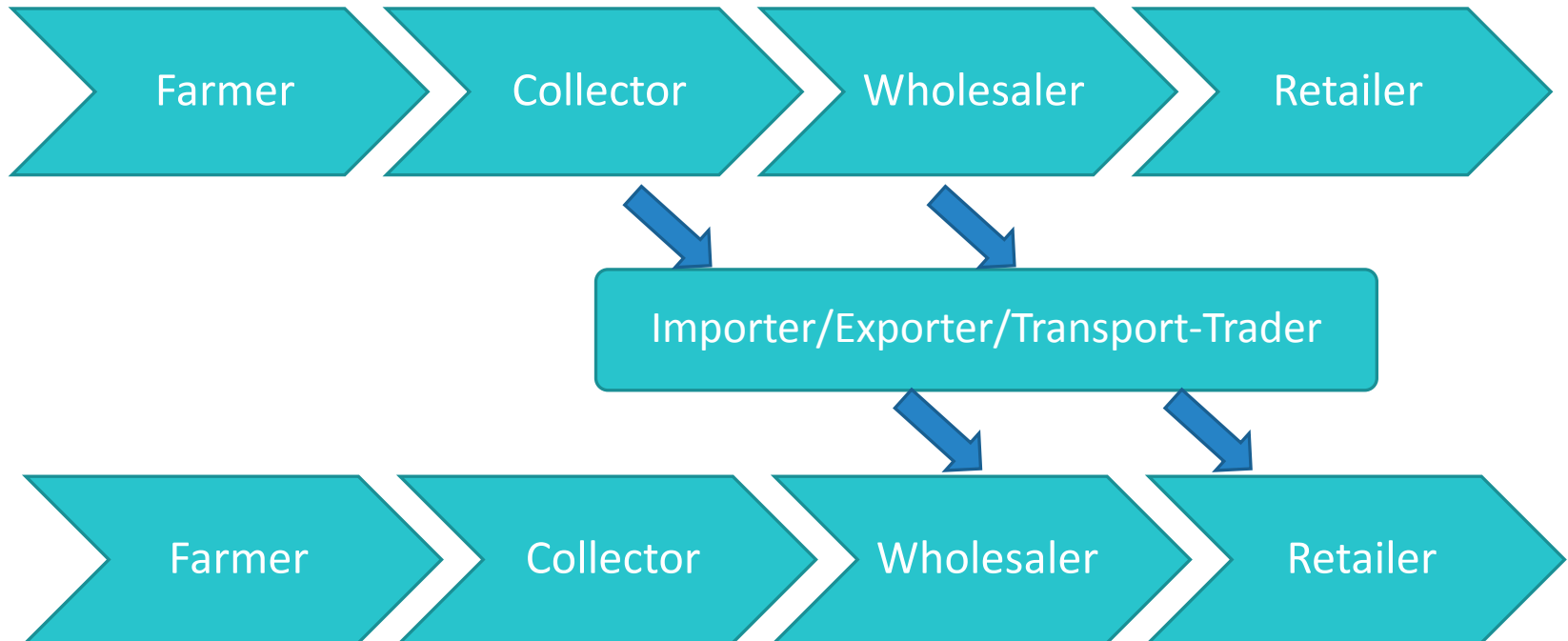
Collector

- Main Function:
 - Buy product from multiple nearby farms
 - Assemble optimum quantity for efficient transport
 - Transport to market and sell to a buyer
- Scale: ~ 200 - 400 Kg / day
- Supply pusher



Stylized VC – Spatial integrated

- Long-distance transport
- Commodity: less-perishables [cabbage, pumpkin, onion, etc.]; no indigenous
- Shipment size: ~ incoming 20MT [divided by order]
outgoing 0.5 – 1.5 MT
- Market share: ~ 40 - 50%







Inter-provincial Trade

	Wholesaler	Transporting Wholesaler
Scale (MT)	~ 0.5	~ 0.5-1.5
Input from	Collectors, Wholesalers (Vinh Phuc)	Farmers, collectors, wholesalers
Output to	Retailers	Retailers (other market)
Institutional arrangement	Input (family, long-term relationship) Output (long-term & spot)	Input (spot , long-term) Output (family, long-term relationship)
Price Information	Daily – two markets	Frequently (2-3 days) – multiple markets [also non-food items]

Importers

	Small	Medium
Scale (MT)	0.2 – 0.5	0.5 – 1.5
Commodity	Conventional	Conventional
Institutional arrangements	Orders made by phone; some spot market for sales	Orders made by phone; some spot-market for sales

Exporters

	Small	Medium
Scale (MT)	0.1	0.5
Commodity	Indigenous	Indigenous & Conventional
Institutional arrangements	Spot-market	Long-term relationship





Stylized VC – Cooperative

- Centrally coordinated production & marketing
- Commodities: local production
- Shipment size: ~ 200kg – 1,500Kg [seasonal]
- Market share: ~ < 5%

	Conventional	Advanced
Output to	Retailers (Hanoi)	Retailers (Hanoi)
Commodity	Mixed indigenous	Susu (esp. counter-season)
Institutional arrangement	Long-term relationships	Long-term relationships, Integration
Price Information	Frequently – multiple markets	Daily – multiple markets
Coordination	Commodity; quality	Commodity; quality & timing



VC comparisons

	Farm-direct	Conventional	Spatial	Cooperative
Activities	<ul style="list-style-type: none"> ▪ Transport ▪ Marketing 	<ul style="list-style-type: none"> ▪ Transport ▪ Aggregation ▪ Marketing 	<ul style="list-style-type: none"> ▪ Transport ▪ Aggregation ▪ Marketing (non-local) 	<ul style="list-style-type: none"> ▪ Transport ▪ Aggregation ▪ Marketing (non-local) ▪ Coordinated production
Upgrade		More efficient local logistics	More efficient spatial distribution	More efficient production timing
Institution for trade	Spot-market	Long-term relationship	Integration, long-term	Cooperative
Price Info	<ul style="list-style-type: none"> ▪ Each harvest 	<ul style="list-style-type: none"> ▪ Each shipment 	<ul style="list-style-type: none"> ▪ Daily (multi-market) 	<ul style="list-style-type: none"> ▪ Daily (multi-market)

Barriers

- Local trade
 - Dysfunctional collection segment (Prevalence of farmer-direct sales)
 - High transaction costs due to inconsistent and very small shipment sizes from farms
- Inter-province trade
 - Access to timely price information is very costly
 - Institutions to govern trade are undeveloped
 - Settlement risk
 - Product standards and grades
- Counter-seasonal production
 - Coordinating many small farms (0.1 ha) to time production is costly
 - Many years of building trust to coordinate

Conclusions

- Lao Cai has production conditions suited for vegetable production and opportunity to expand trade outside of the province
- It is also threatened by ‘imports’ of conventional vegetables year-round
- Expansion is constrained by
 - High transaction costs for sourcing from many very small farms
 - Lack of trade institutions
 - Standards & grades
 - Transacting – settlement
 - Poor dissemination of price information
 - Across markets
 - Across time

RAU SẠCH SAPA

