

The economic reform has helped the agriculture develop faster in Vietnam. Its growth rate in 2002 was 4%, many specialized farming areas have come into being, the agricultural output has increased steadily and farm products become more diverse. The market mechanism, however, has made shortcomings in the agricultural production more noticeable, especially in the distribution network.

According to numerical data gathered by the Institute of Biotechnology of the Cần Thơ University, the total fruit area is around 450,000 hectares and its output in 2002 reached 5.1 million tonnes and only 50,000 tonnes of which were exported, and a small part of which was processed one. Taking away some one million tonnes of fruits rotten after harvest, there were only some 4 million tonnes of fresh fruits consumed by

becomes very important to fruit planters. Farm product markets, therefore, could be considered as an appropriate solution, because when selling fruits on the domestic market, the transport cost is low, requirements posed by consumers are simple, planters aren't forced to invest in storing and processing fruits, and sellers could earn some foreign exchange when selling to foreign tourists.

Farm product markets

foreign and domestic markets if need be.

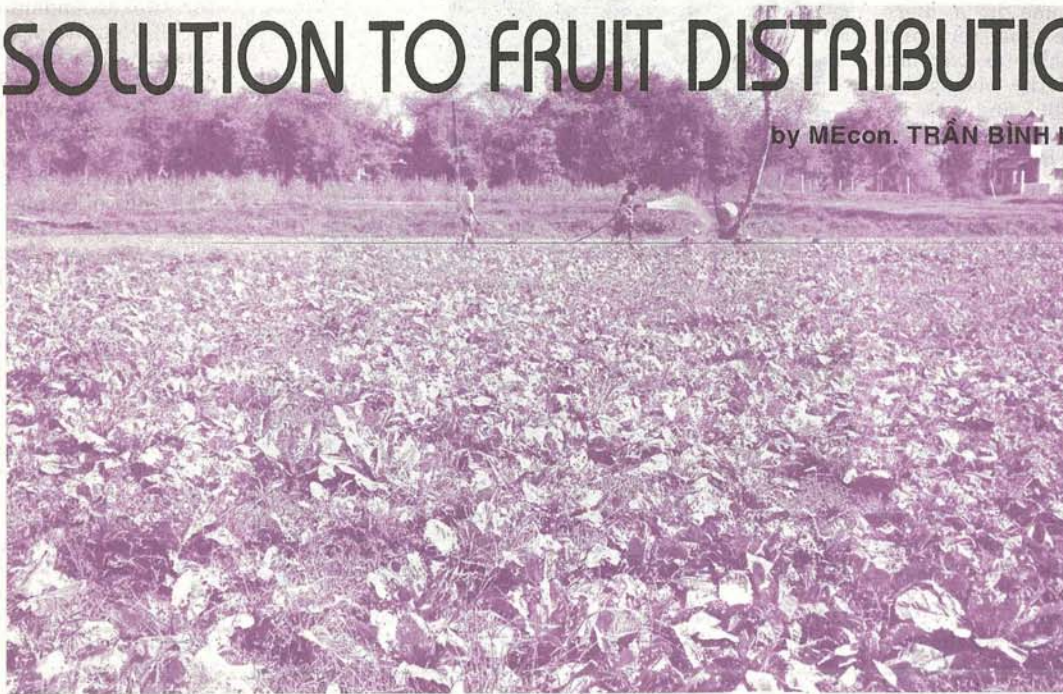
However, farm product markets in Vietnam fail to play their proper role because of the following features:

- Marketplaces in rural areas only offer retail sale of some seasonal farm products. Marketplaces open periodically, goods are offered in small quantities, most sellers aren't professional traders and lack warehouses for their produce, and transport

FARM PRODUCT MARKETS IN SPECIALIZED FARMING AREAS A SOLUTION TO FRUIT DISTRIBUTION

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Photo by Hoàng Tuấn



As for fruits, the situation isn't brighter in spite of their future comparative advantages. To ensure markets for local fruits is still a serious problem for state authorities. Up to now, they could only work out two ways to sell fruits: exporting fresh and processed fruits, and distributing fresh and processed fruits all over the domestic market.

the domestic market. To distribute such a quantity of fruits planters have to depend a lot on major markets for farm products. Let's have a look at their role and operation.

1. Role and features of farm product markets

When Vietnamese fruits couldn't find a foothold in foreign demanding markets, the domestic one

in specialized farming areas help planters to sell their produce easier and faster, and get free from manipulation by private trader. All fruits, regardless of their quality and prices, could be sold on these markets in both large and small quantities. These markets serve as a bridge between producers in rural areas and consumers in cities, and between

networks and other facilities are poor.

- Personal income in rural areas is low and structure of meals hasn't been improved for years, with the result that fruit planters have to sell their best products to townspeople. Local consumption is limited because of poor spending power. This limited local market for fruits discourages long-term in-



vestment and offers no competition between planters.

- There are only a few trading centers for farm products and they are usually in common marketplace, that is why they couldn't trade farm products in large quantities. The Mekong Delta produces some four million tonnes of fruit a year, especially from provinces situated between the Tiền and Hậu rivers while there are only a few centers specializing in trading in fruits in Cần Thơ, Bến Tre and Tiền Giang and the better part of fruit output is traded on floating markets in Phụng Hiệp, Cao Lãnh and Mỹ Tho.

- Quantities of farm products sold differ widely over marketplaces and the mark-up is rather high. Such marketplaces are usually operational after harvests and last only for some months.

- Stores and warehouses are temporary; transport means aren't of specialized kinds and fail to meet demand during harvest, and road and waterway networks are poor.

- Most operations in these marketplaces are run by private traders while cooperatives and state companies play minor roles or never make

their appearance there. These private traders have a decisive effect on the market price and sometimes cause harm to fruit planters and consumers as well. They tend to force planters to cut price during the harvest when the supply exceeds the demand and refuse to purchase when the market demand is satisfied.

Such unfavorable features of farm product markets affect deeply the consumption of farm products, and of fruits in particular. To deal with these features will improve the consumption of farm products and make the market demand equal to the supply.

2. Measures to develop and manage farm product markets

a. Planning the market:

Some farm product markets in Vietnam have come into being for centuries. At first, they were place for local residents exchange their produce, and then they attract different sources of supply because they enjoyed favorable transport. Today, however, some conditions and factors have changed and the planning of farm product markets becomes necessary. To make the best use

of existing conditions, the market must be situated near specialized farming areas. Trading authorities shouldn't build them according to their subjective determination and must pay full attention to trading habits of local residents, transport and geographical position. For the time being, each province with large fruit output needs a central fruit market to attract sources of supply. The central fruit market could also trade in vegetables and sea products in order to avoid waste.

b. Organization of the market:

- Public investment must be put in infrastructure (roads, power and water supply, telephone, etc.) needed for transport and distribution of farm products. Warehouses and stores are also necessary because fruits are easy to rot.

- Marketplaces are not only for trading but also for other services and transactions needed for fruit distribution (according to the model of Cần Giuộc sea product market). This measure makes the marketplace expand its operations beyond the local scope, offer both retail and wholesale services, do both selling and marketing activities, engage in exchange of experience and techniques, etc. In the long run, all businesses done in the marketplace must be based on business contracts according to international practices.

c. Management of the market:

The management by local authorities is necessary. Experience from Lục Ngạn, Bắc Giang Province shows that the local authority plays an important role in arranging operations of the market, ensuring public order, preventing racketeering, doing marketing, collecting taxes, and reduce waste during loading and transport.

- Marketplaces serve as a bridge between local and foreign markets, and between provinces. To make things run smoothly, the market needs state companies with financial resources, experience, relations with foreign partners and modern facilities. In addition, local companies had better engage in the business soon in order to ensure their interests and help regulate market forces. Reality shows that companies with financial strength always have decisive voices in the market. In farm product markets, consumers' cooperatives could take this role.

Besides these measures, local governments could provide traders with market information and predictions of changes in prices, demand from other provinces and foreign markets, and encourage banks to support the purchase and distribution of fruit after harvests. ■

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