

PURCHASE OF PEANUT FOR EXPORT IN 2002

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In 2002, the volume of peanut for export reached a record level since 1995 with participation of different traders from all sectors.

Most peasants sell their produce to small traders who visit their villages frequently although the selling price is usually lower than the market price. They prefer this practice because they get cash payment and are saved from the trouble of transporting their produce a long way to purchasing companies. Only a hand-

output and their network compete successfully against peanut export companies to purchase peanut directly from peasants.

Besides small traders, there are limited companies and bigger traders who have better sources of capital and experience and processing facilities. These units sell well-processed peanut to export companies or ask these companies act as their export agents because they lack experience and expertise in export business.

export price regardless of peasants' interest. This practice saves them from all investments.

In 2002, many state-owned companies engaged in purchasing the peanut with the result that the purchased volume rose steadily: 2,000 tonnes in January; 3,000 tonnes in February; 8,000 tonnes in May; 30,000 tonnes in June and 2,000 tonnes in November. The volume purchased in December is estimated at 28,000 tonnes. One of reasons that led to this result is the effects caused



Photo by Hoàng Tuấn

ful of peasants who have means of transport brings their produce directly to export companies. In addition, many peasants have to sell their produce before, or just after, harvest to private traders because they borrow money from these traders to grow peanut.

Small traders constitute the best part of the army of peanut purchasers. They have money, experience, and good relations with peasants, bigger traders and peanut exporting companies. They apply various buying practices suitable to each group of peasants and villages and instruct peasants to process peanut properly before reselling it to private or state-run export companies. Small traders thus control the best part of peanut

These units also compete strongly against state-owned export companies and play an important role in purchasing the peanut from peasants.

As for state-owned export companies, most of them are content to process peanut and act as export agents for private traders and companies because they don't have purchasing networks. That is why state-owned export companies fail to do their business more actively when entering selling contracts and they have to sell at FOB price at Saigon Port. Their usual practice is to buy peanut from private limited companies after signing contracts with foreign importers. When the price of peanut changes they are ready to adjust the

by American-Vietnamese Trade Agreement on Vietnamese export of farm products.

However, unnecessary competition between different purchasers led to wide fluctuations in the peanut price causing great difficulties for both peasants and exporters. As for state-owned export companies, their shortage of capital and purchasing network prevents them from promoting the export of peanut and ensuring better profit for peasants. For the time being, they had better develop good relations with private limited companies and traders in order to ensure reliable supply of peanut for export and stabilize the market price. ■