Final summary report of SUSPER (Sustainable Development of Peri-Urban Agriculture in South-East Asia)

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2.16 Opportunities for Vegetable Marketing in Phnom Penh from Peri-urban areas

Author(s): Paule Moustier, Chhean Sokhen, Chan Sipana
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The paper is a synthesis of the two previous reports (2.9 and 2.10), plus additional market data collected in 2004.

The results of this paper show that local produce can gain market share on imported produce sold in the daily markets. For the eight surveyed vegetables, 90 tons are traded every day, of which 35 tons are imported and 45 tons are local. Imports from the mountainous area of Dalat, Vietnam, are most likely to involve tomatoes (90% imported in July and October), cabbage (95% imported in July and October) and Chinese cabbage (100% imported all year round). These three vegetables were the focus of the study. Onions, potatoes and carrots are also known to be imported. Obviously, when local production is more available (January) then imports from Vietnam decrease. Prices follow the local pattern of seasonality: prices are commonly 50-100% higher in the rainy season. Some technical solutions can be applied in terms of production. Adapted varieties and the use of non-flooded nurseries (as tested by AGRISUD) as well as grafted tomato/eggplant combinations were tested and proven in the rainy season at the Day Eth SUSPER research station.

The supply chains are organised similarly regardless of the origin of the produce. Whilst some wholesalers may specialise in imported vegetables they may vary their quota based on local availability. Collectors who go out to the peri-urban farms, the border or even across to Dalat supply wholesalers with whom they have an established relationship. Wholesalers supply 90% of the retailers.

The following characteristics are preferred in imported tomatoes, cabbage and Chinese cabbage: appearance (bigger size for imported products, more regular shape), as well as the longer availability. On the other hand, local products are preferred in terms of taste, reputation for safety, and longer shelf life. As regards the prices, they are similar when considering the same quality of product (Cambodian produce is commonly 10 to 50% cheaper than Vietnamese products although their appearance is not as good as the Vietnamese).

To ascertain if the reputation for safety is realistic, we conducted pesticide residue analysis on imported and local vegetables, collecting without prior notice five samples per local vegetable in Kien Svay district (tomato, Chinese cabbage, green mustard) and five samples of imported vegetables (cabbage, tomato, Chinese cabbage). These samples were tested in the Hanoi Research Institute on Fruits and Vegetables by quick tests developed in Taiwan. Excess pesticide residues were found in imported cabbage, local Chinese cabbage and local green mustard. This suggests that there are safety risks on imported as well as local vegetables. These analyses have to be replicated on a larger sample—involving samples from vegetables grown with IPM techniques with the support of FAO and Srer Khmer, using the equipment that has been supplied recently from SUSPER project to the Department of Agro-industry.

Traders take low margins on average: less than 25% of the purchase value. Income is narrowly connected to the quantities traded and the lowest incomes are obtained by retailers who sell on average 70 kilos of vegetables per day. Conversely, the highest incomes are earned by permanent wholesalers who sell on average 1.3 tons of vegetables per day, but they face the highest fluctuations. Motorbikes are used in half the transactions to transport products from collection point to resale point, the rest being trucks, mini-buses, carts. The constraints most commonly mentioned by traders are the lack of availability of vegetable supply and the limited space for marketing, especially for wholesale, which takes place in a muddy and dirty environment.

A stakeholders' workshop helped in changing the farmers' perception on the role of Vietnamese imports: while they commonly think that Vietnamese imports prevent them from growing vegetables at a profit, the figures showing yearly variations in imports suggest that if farmers are successful in producing more regularly then Vietnamese imports will decrease. The farmers expressed their need for information on the supply calendars of the market, daily prices and use of pesticides, as most of the labels are in foreign languages. The preferred means of dissemination for market and technical information is the radio.

This report is a synthesis of the previous (summary 2.9) and the following (summary 2.11) reports.

2.17 Vegetable Marketing in Vientiane (Lao P.D.R.)

Author(s): Somsack Kethongsa, Paule Moustier and Khamtanh Thadavong
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The main objective of research on vegetable marketing in Laos is to help harmonize vegetable production with the market demand in terms of quantity, quality and price.

A review of existing data was carried out, especially the JICA and FAO studies on food marketing in Laos. The studies point out the importance of the Vientiane plain for fruit and vegetables in addition to Boloven Plateau (Champassak province) which mostly provides cabbage and potatoes. The three major food markets are Tong Kan Kham, That Luang and Kua Dim; they operate both as wholesale and retail markets. Market traders usually combine a variety of functions and specialised wholesalers are few.

Two surveys were organised to gain additional information. The first one, investigation of market flows and chains (activity 1) aims at appraising how the market is organised spatially and in terms of functions and to quantify the supply from the different districts/villages and imports. The second one, appraisal of traders' strategies, aims at : (i) finding out the structure of the market (competition) and coordination relationships among the different actors ; (ii) comparing the different origins (peri-urban, rural, imports) in terms of price, quality and availability of commodities ; (iii) identifying advantages and constraints of actors including access to information. The surveys took place in Tong Kan Kham, That Luang and Kua Dim markets. For the investigation of market flows and chains (activity 1), around one-third of market agents were interviewed, accounting for 92 people. The survey took place only once, in June, but data was collected on the variations during the year. Activity 2 took place in August on a sample of 50 traders. In the two surveys, the sample includes the different stakeholders present in markets (retailers, wholesalers, assemblers, producers).

Among the selected vegetables, the following are subject to imports: Chinese kale; round tomatoes and olive tomatoes; big Chinese mustard; cucumbers, while the others (pakchoi, also called choysum), small Chinese mustard, lettuce, yard-long beans, cherry tomatoes) only originate from Lao production. Vegetables commonly imported include varieties that are difficult to produce during the rainy season. In June 2002, at the beginning of the rainy season, imports accounted for 22% of quantities transacted for Chinese kale, round tomatoes and cucumbers; 15% for olive tomatoes; 2% for big Chinese mustard. On the whole for the 9 vegetables, imports account for only 8% of total quantities transacted. 80% of leafy-vegetables originate from less than 30 kilometres from the city centre. Hatsayphong is the main supplier of tomato and leafy vegetables, while Saixetha is the main supplier of cucumbers. The overall number of active traders decreases from June to September, concurrent with the influx of imported products.

Despite the short distance from farm to market, the marketing chains are characterised by a certain complexity. More than half the traders fulfil concurrently the different functions of collection/wholesale/retail. The typical chain involves farmers, collectors, wholesalers and retailers. More than 65% of quantities traded involve more than one middleman between farmers and retailers, even for a perishable vegetable like water convolvulus. The specialisation of wholesale and retail functions is more frequent for imported tomatoes than for local tomatoes. The frequent overlapping of functions may be explained by the absence of a specific location for wholesale marketing in or