

CHAPTER V

KUNMING FRUIT MARKETS

This chapter focuses on marketing channels for fruits in Kunming market. Those include the retail markets (i.e. fresh market and supermarket) and the wholesale market (i.e. East Bus Station). Fruit categories, varieties of mangoes, and retail and wholesale markets are in details, as well as sources of fruit supply.

5.1 Fresh Markets

5.1.1 Fruits Available, Mango Varieties, Prices, and Sales Volume

As mentioned that this survey was ongoing in summer (1999), this following information is based on mango varieties and prices available in this season. Various fruit varieties and mango prices observed in each season were different. Sales volumes were collected from tiny fruit shops. According to the interview with retailers those noticed mango varieties were Ying Zui⁹, Xiangya, Herb Mango, Apple-like, Maqianshu, Three-year¹⁰, Ivory, Pearl, Bianji, Cai, Yanzhi, Sanhainsan, and MianSan. They stock mangoes from April through July. 77% of mangoes on the market consisted of Ying Zui variety, Xiangya (12.82%), herb mango (7.69%), apple-like and others (2.56%) follow (figure7.1). During the high season (May – September), Ying Zui price ranges from 5-11 yuan per kg, while 7-14 yuan per kg is the price range for the low season (October – April). Apart from Ying Zui variety,

⁹ Ying Zui variety has aroma and small seed

¹⁰ It is easily rot and damage during a transportation

Xiangya's retail price ranged from 5-9 yuan per kg and 6-11 yuan per kg, in a high and low season, respectively. In contrast to the retail prices of other varieties, Manquianshu retail prices extended from 2-5 yuan per kg, while Three-Year variety was quoted from 2-6 yuan per kg. Additionally, Herb mango variety was priced at approximately 3 yuan per kg, and apple-like variety's prices wandered from 3-4 yuan per kg (tables 5.1 and 5.2, and figures 5.1 and 5.2).

Table 5.1 Retail prices of Ying Zui variety observed from different fresh markets

(yuan / kg)

Market	High season	Low season
1	6-11	9-14
2	6-8	8-10
3	5-7	7-9
4	5-8	8-10
5	6-8	8-9
6	5-7	8-12
7	6-9	9-11

Since there was large numbers of small fruit shops scattered in the city, sales volume of each shop appeared relatively small. Regarding sales per day of Ying Zui variety during the high season, the lowest sales per day were 60-70 kg, whereas the highest sales were 300 kg per day. For a low season, the lowest sales per day were 30 kg, while the highest sales were 200 kg (See table 5.3 and figure 5-3).

Table 5.2 Retail price for Xiangya variety observed from different fresh market places (yuan/ kg)

Market	High season	Low season
1	5-6	6-7.5
2	3-5	6-8
3	6-8	7-10
4	6-9	7-10
5	6-11	7-11
6	6-9	8-10
7	6-7	6-11

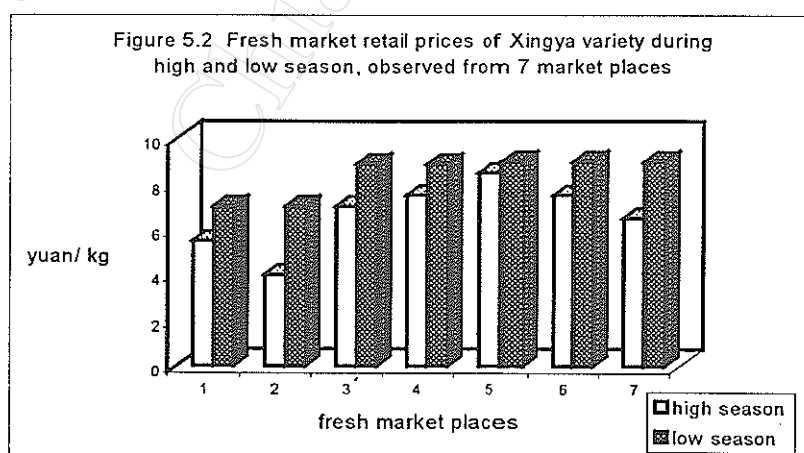
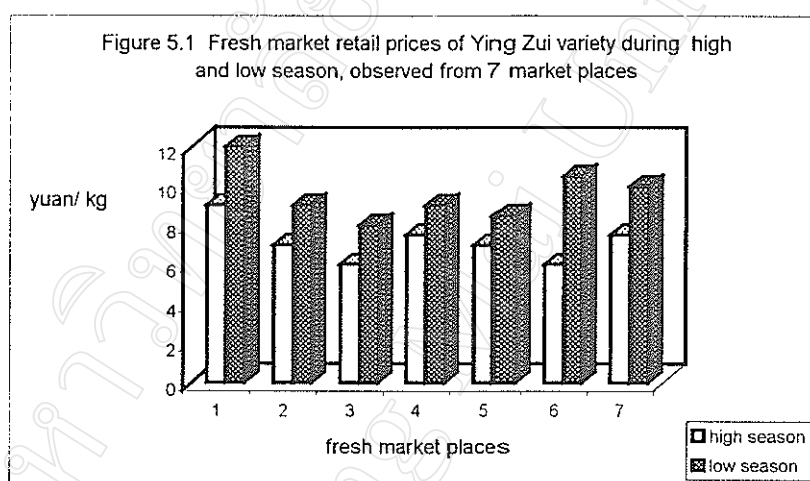


Table 5.3 The sales per day observed from seven shops from different fresh markets

(kg)		
Shop	High season	Low season
1	80	40
2	95	60
3	300	200
4	85	50
5	60-70	30
6	90	40
7	80	60

By looking at the sales of Xingya variety, its sales indicate differences from Ying Zui's sales. It was only 25-30 kg per day per retail shop for a high season while in a low season the sales was 10-20 kg per day per retail shop. See table 5.4 and (Appendix C)

Table 5.4 The daily sales of Xingya variety observed from four shops from different

fresh markets (kg)		
Shop	High season	Low season
1	25	15
2	30	20
3	30	10
4	30	15

Obviously, YingZui variety is the most popular one in Kunming market. No matter what season it is, its sales are higher than other varieties. The intuition is that its taste, texture and skin color favor Kunmingnese. Apart from these, the price per kilogram is affordable. Moreover, its sales are not much difference following the different season.

5.1.2 Fruits sold during the same period as mangoes

Kunming market was rich in various fruit categories. Varieties of fruits apart from mangoes were paid into attention to indicate price status of mangoes given rival fruits. Though ninety-two percent of consumers claimed that mangoes could not be either substituted or substituted by other kinds of fruit, eight percent of them allowed for a substitution. The series of fruits for mango substitution are all included in the fruit category available at the fresh market in the same period as mango. Another interesting thing is that peaches and pineapples had lower price range compared with mango. While pears, apple and orange prices were close to mango price. Note that pears and apples are all year round fruits produced and sold. See table 5.5.

Table 5.5 Fruits sold in the same period as mangoes (yuan/ kg).

Fruits	Retail price
Watermelon	0.5-2
Pineapple	1-2
Hamimelon	1.5-8
Banana	1.8-3.5
Peach	2.5-4
Plum	2.8-3.5
Orange	2.8-6
Apple	3-9
Mango	5-11
Lychee	5-16
Pear	9-10
Bailan-melon	9-10
Red Fuji Apple	10

Table 5.5 (continued)

Fruits	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
15. Orange			←-----	-----	-----	-----	-----	-----	-----→
16. Muskmelon				←-----	-----	-----	-----→		
17. Yangtao	Na.								
18. Shaddock									-----→
19. Qi Yi Fruits					-----	-----	-----	-----	-----→
20. Strawberry	Na.								

----- = small amount, ----- = large amount

5.2 Supermarket Survey

5.2.1 Fruit Markets in the Leading Supermarkets.

This following information based on personal interview with sales managers from four leading department stores in Kunming City.

According to department store 1, which was set up in December 1997, its total supermarket area was 12,000 square meters. The sales on average was fifteen million yuan per month. This business enterprise aims at three different targets – 1) a group of people who live near the department store; 2) foreign businessmen who work/ stay in Kunming City (i.e. officials from consulates, and the workers from foreign enterprises, etc.); and 3) people who have middle to high income levels. Almost all consumer goods in this department stores are luxury and imported ones. Though they target high-income groups, the market share was only 1-2 percent. Condiment was the major import commodity from Thailand. However, it had small sales

since its flavor is different from what Kunmingnese prefer. Previously, there used to be fruit available at the supermarket section. Today it has been given up since it is hard to handle and store. Moreover, the fruit wholesalers are unable to give receipts with value-added tax; consequently, they cannot get a tax refund. The most important thing is that officers from the Animal and Plants Inspection Bureau came to inspect their fruits because of illegal import.

While department store 1 did not want to sell fruits or import any kinds of fruit, department store 2 planed to do this in a near future. The target market for supermarket goods are the tourists, both Chinese from other provinces and foreigners. Some of consumer goods are imported ones. The organization they contact to ease the importation is the Provincial Industrial and Art Product Import - Export Company. At present, preserved fruit were available at the supermarket corner. Those comprise dried / crystallized pineapple, dried/ crystallized mango, dried ginger (tastes sweet and spicy). Most of them came from Dong Feng Farm in Xi Suan Banna. Besides dried fruits, canned products are available, including mango, pineapple, banana, and papaya. For the fresh fruits, this business enterprise plans to import them in the near future. However, there are four things needed to be probed – 1) the complication of procedures for importation; 2) high freezing and transportation cost; and 3) lose from rotten fruits; and 4) a high tariff rate and the difficulties in passing the inspection procedures. Furthermore, the sales manager mentioned that Thai government has done very well for a long time to ease the trade with China. The problem was the Chinese governments always restrict for importation. What all private business enterprises need from their government is to ease the import procedures. What they were doing was negotiating with some Airlines Bureau of

China. One important thing is that if the air transportation costs from Thailand to Kunming is ten percent higher than the truck costs, they would not be able to afford it. The sales manager, additionally, contributed an idea about Kunmingnese' taste for fruits. Most customers prefer a sweet taste – i.e. mango, lychee, watermelon, sweet strawberry, tamarind, etc. Moreover, the local people would prefer sweet green mangoes, which taste sweet and crisp. In addition to the Thai fruits, Thai snacks also have a potential to sell here.

Regarding the third department store, the area of the fruit section was 4.5 square meters with the sales averaged 1,000 – 2,000 yuan per day. This business enterprise aims at high-income customers, both from Yunnan and other provinces and also foreigners. The fruit section had been operated since 1995. However, the government intervened in the market by setting the price lower than the market price so it was closed for a while. In 1996, it was resumed because the market has determined the prices of fruit since that time. The fruit categories covered mangoes, oranges, apples, watermelons, mangosteen, durian, coconuts, etc. Mangoes occupied ten percent of the market share. The most popular varieties were Ying Zui, Xiangya, from Ruili and Hekou County. Mangosteen and durian were imported from Thailand while some other fruits were shipped from America, Myanmar, Argentina, and New Zealand.

In addition to the department stores owned by Chinese, there were two leading department stores, which are American Franchises. The first one targets all consumers. It had sixty percent of the market share among other department stores and it was the biggest one and monopolized the import of Washington apples. The supermarket area was larger than the department stores mentioned; its size was 1,200

square meters. The fruit sold were apples, mangoes, melons, grapes, Mihou peaches, coconuts, tamarind, etc. The major mango varieties included Ying Zui and Xingya distributed from the wholesale market. They set at a retail price of 13 yuan per kg. Apples, peaches, coconuts, and tamarinds were imported from America, New Zealand, Vietnam, and Thailand.

The other American franchise department store is located in the area of High and New Technology Development at Erhuan West Rd. The fruit section was 10,000 square meters, which was the largest among other leading department stores. The fruit sales amounted to 13,000 yuan per day on average. Mr. Shi Lei, an assistant buyer at the fruit corner, revealed some relevant information relating to fruit series, sources, and prices.

5.2.2. Availability, Prices, and Sources of Supply for Fruits in the Supermarkets.

Kunming market was abundant in various types of fruit. Some of them were produced domestically, while the others were imported. Domestic fruits produced are, for example, apple, peach, pear, orange, plum, Yangtao, Shaddock, longan, and olive. Though southern part of Yunnan Province and other parts of China are suitable for doing fruit orchards, fruit productions and varieties availability were not enough for a huge market demand (a fruit wholesaler, 1999). Twenty percent of total volume of fruits was imported. Naturally, Kunming market was encouraged to import more fruits from foreign countries; even those types of fruits are the same varieties as cultivated in China. Imported fruit commodities comprise grapes, mango, longan, lychee, banana, coconut, tamarind, pineapple, cherry, strawberry, water melon, honey due

,etc. (table 5.7). Major countries of origin include Vietnam, Thailand, Myanmar, Lao, Taiwan, Hong Kong, USA, South America, Australia, and New Zealand.

Among the imported fruits in the supermarket, mangoes are available from May through August. While at the end and the beginning of the year (or winter season), apples are common in the market. Mangosteen, Houlong fruit, red plums, apples, persimmons, and lychee are sold during the same period as mangoes. (table 5.8 and 5.10). However, it was obvious that the retail prices of mangoes at the supermarkets were relatively expensive (table 5.9).

Table 5.7 Imported fruits, sources and prices (observed from fresh market)

Fruits	Place of origin ¹¹	Wholesale price (yuan/kg.)	Retail price (yuan/ kg.)
1. Water melon	Na	0.02-1	0.5-2
2. Pineapple	Jinghua	0.5-1	1-2
3. Mango	Vietnam	Na.	5-12
4. Peach	Na	1.5-3	2.5-4
5. Grape	Sichuan	24-26	28-30
	US.	Na.	35-40*
6. Lychee	Thailand, Vietnam	9-12	9.5-16
			15-30*
7. Longan	Thailand	18-28	23-32
		8-20*	38*
8. Plum	Other province in	1.8-2.5	2.8-3.5
	China	10-16	15-28
9. Banana	Myanmar	0.7-3.2	1.8-3.5
	Equador	Na.	19.8*
10. Pomegranate	Na.	Na.	Na.
11. Pear	Na.	2-2.5	3-4
			9-10*

¹¹ It is not necessary to be foreign countries, but any places apart from Yunnan Province

Table 5.7 (continued)

Fruits	Place of origin ¹¹	Wholesale price (yuan/kg.)	Retail price (yuan/ kg.)
12. Pomelo	Na.	Na.	Na.
13. Green & red Apple	Northwestern of China	Na.	16*
14. Gala apple	New Zealand	Na.	25*
15. Washington Apple	US.	Na.	25*
16. Red Fuji Apple	New Zealand	6.5-13*	10-15*
17. Persimmon ¹²	New Zealand	Na.	80*
18. Orange	- Other province in China	1-3.5	2.8-6
	- US.	Na.	25.3*
	- South Africa	Na.	38*
19. Mangosteen	Thailand	Na.	37-52*
20. Honey-dew melon	Taiwan	Na.	18*
21. Yellow honey- dew	Taiwan	Na.	18
22. White-honey dew	Shanghai	Na.	12*
23. Round melon	Myanmar	Na.	10*
24. Tamarind	Thailand	Na.	28*

*Price observed from American franchise department store (Survey, 1999)

Table 5.8 Sources and varieties of mangoes available in each month

Months	March	April	May	June	July	August
Varieties	Xingya	Yingzui	Yingzui	Yingzui	Yingzui	Xiangya
Sources	Vietnam	Vietnam	Vietnam	Jin Gu	Jin Gu	Vietnam

¹¹ It is not necessary to be foreign countries, but any places apart from Yunnan Province

¹² It tastes sour and astringent when green, but sweet and edible with thoroughly ripe (also called "Date Plum") (Webster's International Encyclopedia 1999).

Table 5.9 Price list of different mango varieties at the supermarkets

Varieties	Retail Prices (Yuan/ kg)	Wholesale Prices (Yuan/ kg)
1. Xingya	12-20	12-18
2. Ying Zui	10-16	5.5-10
3. Pin Guo	8-15	5-8
4. Sanye	5-8	3-6
5. Da Tou	6-8	3.5-6

Table 5.10 Other imported fruits existed in each month

Jan	Feb	Mar	Apr	May	Jun
US. red apple	US. red apple	Mangosteen	Red Cali Apple	Red-rose apple	Thai Longan
US. green apple	US. green apple	Lemon	New Zealand apple	Australia persimmon	Tahi* Lychee
Lemon	Lemon	Huolong Fruit	Qi Yi fruit	Cristal Pear	Holland apple
HeiYi Apple	HeiYi Apple	-	-	-	-
Red snake apple	Red snake apple	-	-	-	-
-	-	Red Plum	-	-	-
Jul	Aug	Sept	Oct	Nov	Dec
Thai longan	US. Green apple	Lemon	Red Apple	Houlong fruit	Green apple
Thai mangosteen	US. Red apple	Qi Yi Fruit	Green apple	Thai Mangosteen	Red apple
Thai lychee	-	Thai mangosteen	Red snake apple	-	Green apple
-	-	-	Green apple	-	-

(* Probably "Tali" not "Tahi")

5.3 Fruit Wholesale Market

Information about fruit categories, sources, and whole sale prices were derived from an interview with the manager of a fruit wholesale market at the East Bus Station.

In a mango season (summer), mangoes had a market share approximately ninety percent. While some of them were domestic production, most of them were imported from Myanmar and Vietnam. It was relatively small amounts of Thai varieties from Xishuan Banna existed in the market. From the view of a sales manager, Thai mango has high quality and also very high price since they are transported by air. The wholesaler believed that consumers tend to concern the varieties rather than the price. Regarding substitution among fruit, mangoes could substitute other kinds of fruit when its price was relatively low compared with the others.

In a near future, the market for fresh mangoes tends to be expanded in as much as demand from other provinces becomes more and more. Consecutively, this wholesale market would be enlarged by increase more infrastructure and seeking for more sources of fruits to supply in other provinces. Besides mangoes, some other Thai fruits have been known as their superior in quality comparing with Chinese local production. Longan, sweet tamarind, and young coconut are the examples of the Thai fruit Kunmingnese consumers prefer. Table 5.11 presents the price list, sources, and trade routes of imported fruits.

Table 5.11 Price lists, sources, and trade routes

Fruits	Domestic production	Import From	Mode of Transportation				Buying price from exporters (yuan /kg.)	Selling price (or wholesale price at a wholesale market) Yuan / kg.
			airplane	ship	truck	train		
Watermelon	✓	Other province	-	-	✓	✓	1.2-2	3-3.5
Hamimelon	✓	-	-	-	-	✓	Na.	5-8
Muskmelon	✓	-	-	-	-	✓	3	5-8
Bailan-melon	✓	-	-	-	-	✓	Na.	6
Red Fujii Apple	-	Australia	✓	-	-	-	Na.	6.5-13
Peach	✓	-	-	-	✓	-	3-4	4-5
Pear	✓	-	-	-	✓	-	Na.	2-2.5
Plum	✓	-	-	-	✓	-	Na.	1.8-2.5
Yang tao	✓	-	-	-	-	-	0.8-2.5	1.5-4
Lychee	✓	-	-	-	-	-	4.4	4-15
	-	Vietnam	✓	-	✓	✓	6	13-25
Longan	✓	-	-	-	-	-	Na	Na.
	-	Thailand	✓	-	-	-	Na.	4-15
Banana	✓	-	-	-	✓	-	0.8	1.5-2.5
Grape	-	Other province	✓	-	-	✓	8	1.5-2.5
	-	America	✓	-	-	-	Na.	18-25
Orange	✓	-	-	-	✓	✓	0.8-1.5	2.5-5
Pienapple	✓	-	-	-	-	✓	0.8	1.5-2.5
Ying zui mango	✓	-	-	-	✓	-	4-5	7-8
Xingya Mango	✓	-	-	-	✓	-	3.5-4	5.5-7
Sanlian mango	✓	-	-	-	✓	-	3.5-4	5-6

It is obvious that Kunmingnese were experienced and familiar with ripe mangoes. Due to the fruit wholesaler's opinion about green mangoes, it was quite new

for this market. People believe that it is sour than the mature one. Thus, it would be difficult for them to favor green mangoes. The way to handle this is to make them realize that green mangoes could be a sweet one, not as sour as they thought. Accordingly, it is possible to sell green mangoes in Kunming markets.

In terms of import regulation, the manager suggested that Chinese government should give the rights to the importers and exporters to operate their business freely, and should cancel an import quota together with reduce the tax rate for fruit. Considering a current situation for importing fruit business, mangoes from western countries and Southern Asian countries are profitable to import because a seller could charge relatively high price. To importers and wholesalers, no matter what kind of fruits they are, as long as they can make profits, they would be imported.

5.4 Wholesale and Retail Systems of Marketing Channels

China was basically centralized planned by the State and centralized control in the distribution of commodities by top-down administrative means before the implementation of economic reform and the open liberal policy (The Economist Intelligent Unit, 1999). In this system, business enterprises were subject to many restrictions imposed by the administrative departments. But they are not allowed to run their business independently. The business framework consisted of only one distribution channel, which was monopolized by the State-run companies. The circulation of commodities was controlled by mandatory planning with the price and buying and selling quantity of each commodity being regulated by the State through

the Ministry of Commerce. Since 1979, the Central Government has carried out a series of reforms on the commercial system, which is more economy-oriented and encompasses various means of business operation and multiple distribution channels.

5.4.1 A Wholesale System

By following the reforms in recent years, the wholesale system now adheres to the principle of using the major cities in economic regions as the centers of distribution. The administrative and executive functions of the Ministry of Commerce and its offices and bureaus at all levels are separated, and major cities are empowered to operate their own wholesale enterprises. Now a day, each city sets up its own wholesale agencies which they manage themselves. Not only wholesale private agencies that can operate this kind of business but department stores are also allowed to operate wholesale business. Fruits and vegetable wholesale markets are operated under a "Planned Purchase". This purchasing system is under a direct control by the Central Government. Any quantity of a product produced in excess of the planned amount can be bought by wholesale units through consultation at an agreed price or can be sold by the industry itself. In case that a wholesale business enterprise imported the fruit commodities, they are allowed to do based on their own business management. Nevertheless, they must receive an importer license from a Foreign Trade Department.

As mentioned that both non-department stores and department stores can operate a fruit wholesale business, the followings are examples of these enterprises.

East Bus Station Fruit Wholesale Market (figure 5.5) was the biggest market in Kunming City. By operating this business, the government forbidden any kinds of fruit which have no certification from Chinese government issued by Kunming Plant Quarantine. The commodity must have (1) a quota approved; and (2) passed the inspection. Furthermore, government charged a high tariff rate to protect the farmers. Besides this wholesale business enterprise, the well known Department Stores in



Figure 5.5 East Bus Station wholesale market

Kunming City, as mentioned previously, has operated or is operating or will operate this kind of business (import fruit commodities directly from exporters). These department stores are also required to follow the quota approval and inspection processes.

5.4.2 A Retail System

For a retail system, it is similar to a wholesale system in the case that government inference the business operation. The range and category of products sold have to be approved by the state commerce and administrative departments, which categorized all products for retail according to the industry, the manufacturing process involved, the size of the enterprises and the nature of the products (Figure 5.6 and 5.7)

Recently, retail enterprises have become economic entities responsible for their own profit and loss. Large department stores (as mentioned in the wholesale system) have always played an important role in the retail system in the Kunming market. Besides the department stores, individually owned enterprises exist. Unemployed youths and retired workers who are registered residents of cities or towns can operate individually - owned enterprises. The retail enterprises purchase fruit commodities from a local fruit wholesale enterprise – the East Bus Station fruit wholesale market, for example. This local wholesale enterprise was set up according to local needs.

In short, fruit wholesalers and retailers can now operate their own business based on their own accounts under a certain level of government control in terms of importing quotas, inspection, and the approval of fruit categories. Hence, wholesale and retail enterprises established supply chains.



Figure 5.6 Retail fresh markets for food commodities



Figure 5.7: Fruits sold in supermarket located at Kunming Department Store

5.5 Distribution Channels for Mangoes and Other Fruits in Kunming Markets.

Out of the total fruits sold in Kunming markets, 60 % were grown in Yunnan Province, 30 % and 10% of the rest are those imported from other provinces and foreign countries, respectively. For the imported fruits, they are distributed to the

warehouses at the East Bus Station and department stores after officials from the Plant Quarantine Office inspected them. 65% of the total amount gone to East Bus Station, the rests distributed to department stores, directly. While fruits, which were sold in department stores, shipped directly to consumers, East Bus Station transferred them to retailers from the fresh markets and others (i.e. hotels and restaurants). Finally, retailers sold them to individual consumers (figure 5.8).

Regarding distribution channels for mangoes, 60 % of total volume of trade were those grown in Yunnan Province, 10% were imported from other provinces and another 30% were imported from foreign countries. Approximately 75% of total mangoes were distributed to East Bus Station wholesale market, whereas 25% were absorbed by department stores. By the same token as other fruits, department stores transferred mangoes directly to the individuals (90% of total stock). In contrast, for 85% of the wholesale market storage were distributed to retailers, the rest was supplied to others such as hotels and restaurants.

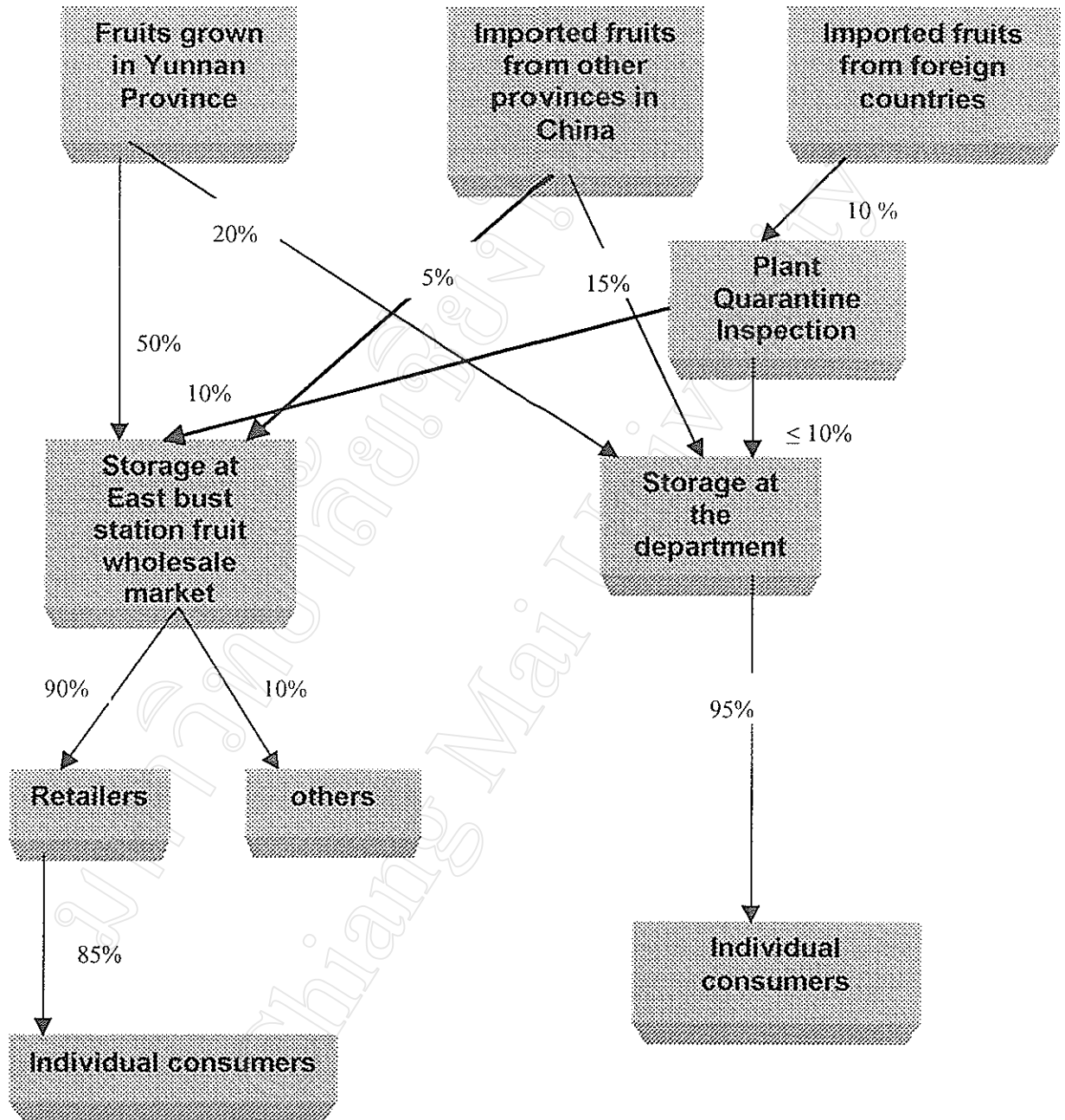


Figure 5.8 Distribution channels for fruits in Kunming markets

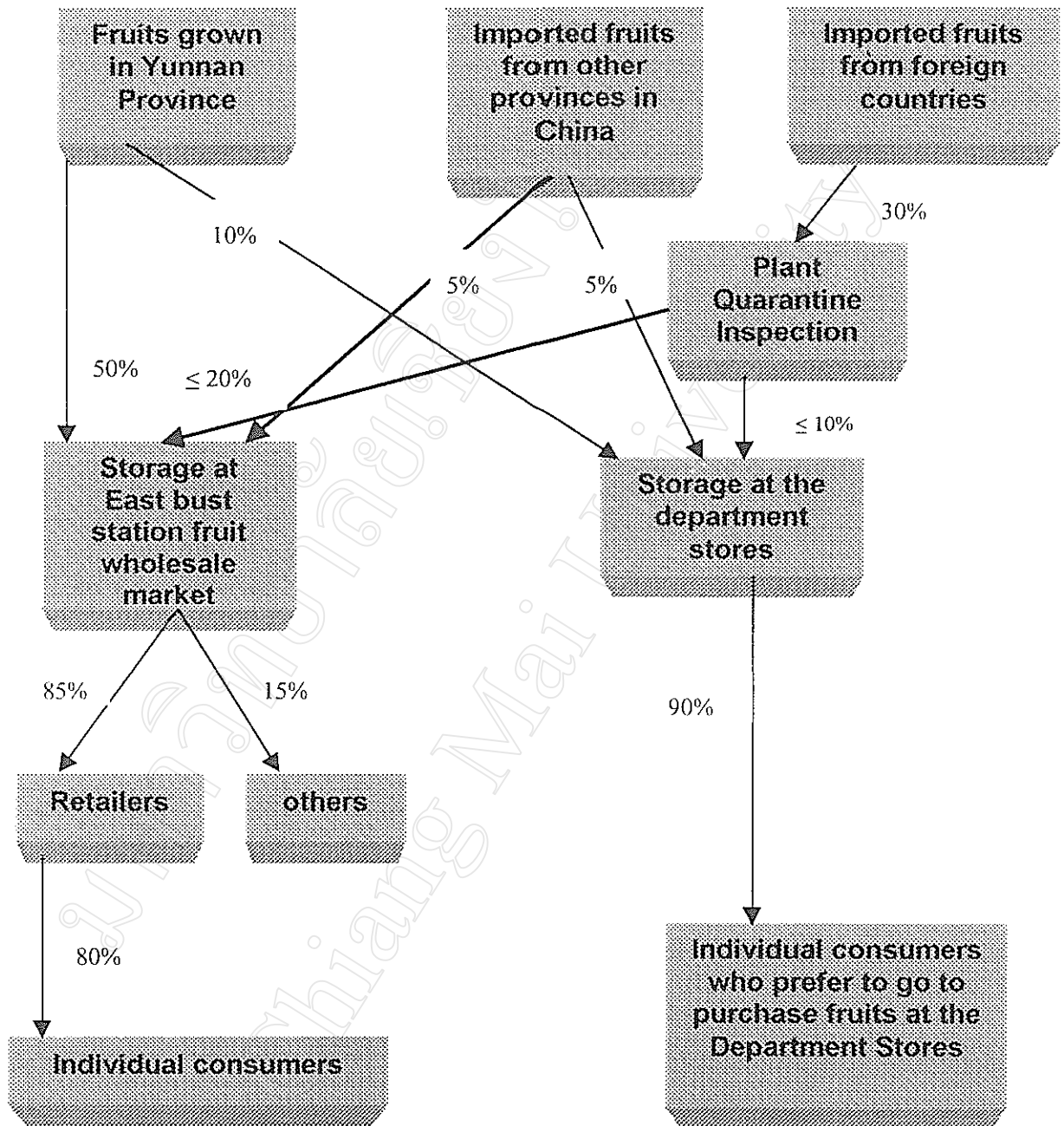


Figure 5.9 Distribution channels for mangoes in Kunming markets

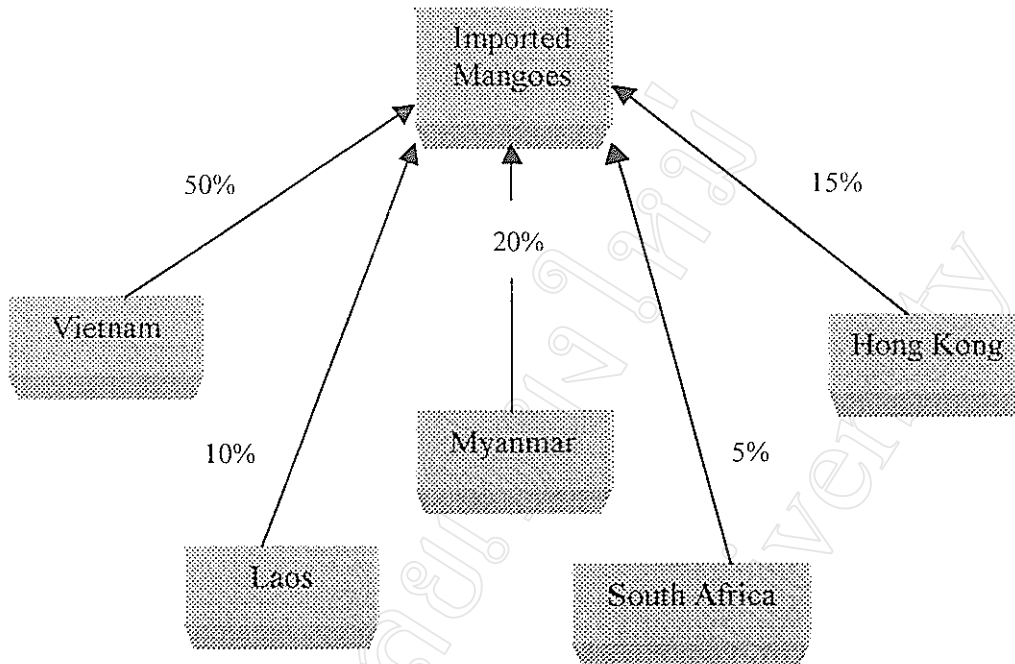


Figure 5.10 Sources of Imported Mangoes

5.6 Suggestions from the Fruit Importers

Regarding Kunmingnese fruit import agency, a company, which belongs to the government has imported fruits such as longan, Ken Shen Fruit, litchi, durian and rambutant for a certain period of time. The major sources for importing fruits were Thailand, Vietnam, and Myanmar. Most of the imported fruits were distributed to Shanghai, Shengyang, Beijing, and also Kunming City. Majority of them were shipped by air and truck. The regulation for importing fruit is quite complicate. The production area and the source of fruits must be prescribed or determined by Chinese government. Fruit importers must receive a document from exporting countries to

certify that their commodities are safe from diseases. Moreover, the commodities must pass at least one plant inspection at the customs. As well as mangoes, the sources of imported fruits must be determined by Chinese government. Furthermore, importers must identify the sources of fruits and receive the approval from the Plant Quarantine Office. Regarding importing mangoes, it has been done by importing from Hong Kong. Some of them originated in Thailand. The criticism was that though Thai mango had a good quality, the size, taste, and ripeness were not even within the same grade. Additionally, packaging is poorer compared to other competitors (i.e. Philippines). The suggestion is that Thai exporters should prevent mango shipment from getting rot. Time is also important. Commodities must be delivered on time. Additionally, Thai government should understand and find the way to cope with Chinese government. Nevertheless, Thai government could find the comparative advantage in terms of trade. Quality of product, and short distance for shipping are obvious. In addition to the quality and distance, China has a good trading relationship with Thailand for hundred years and political situation of these two countries are more stable compared with other ASEAN countries.

Regarding a Thai trader, who also operates a shipping business (river transportation) with a cold storage to transport longan and some other fresh fruit and food. Most products not only were fruit commodities but also other consumer goods such as instant food (noodles), candies, some other Thai snacks, etc. This company has operated the branch in Xi Shuan Banna and other rural areas in Yunnan Province. Fruit business in Kunming that the company has imported fresh and dry longans, rambutan, mangosteen, lychees, and other preserved food from Thailand. Though the regulation for importation – i.e. tax and plant

quarantine inspection have been imposed for a certain period of time, they sometimes import them illegally depending on an opportunity. According to the opinions about Kunmingnese taste on fruits such as apples, oranges, and bananas are widely consumed because of the cheaper price relative to other fruits. Particularly apples, China has been known as one of the largest apple producers, which accounted for 100,000 tons per year in average. Nevertheless, some varieties have been imported from America and New Zealand. The suggestion to the Thai government was to monitor the exporters not to dump the commodities too much to the market since it would press the market price. Furthermore, Chinese government should reduce the tax rate to ease the trade for both exporters and importers and it would improve a social welfare.

Apart from the previous company, another Thai company has exported Thai fruit to Kunming market since March 1999. They tested the market by importing every kind of Thai fruit. By promoting the Thai fruits at the Horticultural Fair, which had been held since the beginning of 1999 until October, as the place to display and sell the fruits – including rambutan, mangosteen, coconut, mango (Nam Doc Mai variety), guava, and pomelo. All these fruits were transported via Thai airlines; thus, the selling price was relatively high (approximately 50% mark up price). From his opinion, the most favorite fruits for Chinese were apple, Chinese pear, orange, and lychee. Particularly apple, it was relatively cheap and fresh because it was produced domestically and it is all year round. Nevertheless, there are the same problems as previous importers mentioned - high import tax and quota.

5.7 Summary

Fruits available in Kunming markets were both domestic and foreign production. Mangoes were shipped from within Yunnan province and other provinces, and also imported from Myanmar, Xishun Banna, and Vietnam. Mango price was cheaper than some imported fruits from foreign countries, but more expensive than other domestic productions (i.e. apple, banana, peach, etc.). More than half of the volume of traded fruit was transferred to the East Bus Station wholesale market and then distributed to the fresh markets and then to the individual consumers. In contrast, supermarkets inside the department stores ordered fruits directly from the sources without passing through the wholesale market. Distribution channels for mangoes were completely the same as other fruits. Though Thai mango quality is high, but packaging was poorer than that from the Philippines and from South Africa. The ease of tax regulation and improvement in packaging and disease inspection of mangoes would enhance greater amount of imported mangoes from Thailand to Kunming markets.