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Review of Vegetable Market Development in China

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Abstract This paper has reviewed vegetable market development from vegetable circulation system, the develop history of the liberalize vegetable market and the growth of the vegetable wholesale market in China. From the development of vegetables market in China and its characteristics; the development of vegetable market in China is related to vegetable market system, the change of institution, some technology development and infrastructure. this paper has put forward some related measures to perfect the vegetable market and improve the vegetable circulation efficiency in China.

Key words Vegetable, Circulation system, Market

1 The changes of vegetable circulation system in China

Along with reform of China's economic system, Chinese vegetables circulation system has experienced the changes from the planned economy system to market economic system. After years of development, the circulation system covering both urban and rural areas has basically formed. Now there are more than 2 000 vegetable wholesale markets, over 20 000 farmers' markets^① and vegetable supermarkets throughout urban and rural areas. The main characteristics of current vegetables circulation covers modernization of circulating means, globalization of distribution space, diversification of the circulation channels, operational organizational form, business entity and hierarchicalization of the market system.

As for the research on the changes of vegetable circulation system, different scholars have proposed different criterion to carve up different development phases. The following are some representative ones. Cheng Yuanyi (2004) pointed out that the vegetable circulation system can be divided into six stages since the founding of People's Republic of China: free trading (1949 – 1955), unified purchase and sale of state run commerce period (1956 – 1961), state-dominated and multi-channel circulation period (1962 – 1965), resumption of "unified purchase and sale" of state-run enterprise business department period (1966 – 1977), multi-channel circulation of regulating conglomerates while loosen the control over small ones period (1978 – 1984), open business period (1985 –). Yang Jinxiu (2005) divided the development phase of vegetable circulation into three stages: planned economy stage, planned commodity economy stage, Comprehensive market stage. Zhao Yifu (2008) divided the development phase of vegetable circulation into four stages: free purchase and sale period (1949

– 1955), unified state purchases and underwriting period (1956 – 1977), multi-channel circulation period (1978 – 1984), free and open market circulation period (1985 –). To sum up, Chinese vegetables circulation is divided into three different stages.

1.1 Vegetables circulation system of comprehensive planned economy period (1949 – 1978) It still retained the original form of vegetable circulation during the first two years after the founding of People's Republic of China. Vegetable growers and market undertake the main functions of vegetable circulation. Since 1951, the vegetable circulation has entered into comprehensive planned economy period. Vegetable wholesale market is gradually revoked. The state-run commerce and supply and marketing cooperatives gradually take on the task of urban vegetable unified purchase and sale. In the comprehensive planned economy period, vegetable circulation system is in general subject to the constraints of the national macro-policy control. Vegetable belongs to the State Controlled Goods. Agricultural department annually plans issued vegetable planting area to each region, sets vegetable purchase price. And the state-run-based or collective vegetable distribution enterprises are responsible for the sales of vegetables. In this period, the vegetable circulation presented the following characteristics: single variety, weak liquidity within the region and regions, short and single supply chain, vegetable prices are unified by the government, vegetable market circulation system is in the preliminary stage.

1.2 Vegetable circulation system of loosening planned period (1979 – 1992) Since reform and opening (1978), market factors have been gradually introducing to the vegetable circulation system, which ushered in new change for development. In 1983 the *Urban and Rural Market Fairs Management Rules* were published, affirming the legality of free trade. In the same year, the central ministries jointly suggested build a whole sale vegetable market. In 1988, the country started the "Vegetable Basket Project" construction. Vegetable circulation system of this phase is characterized as follows: the subject participated in vegetable circulation transformed from the single state-run or collective econo-

Received: January 10, 2013 Accepted: March 20, 2013

Supported by the Fundamental Research Funds for the Central Universities (SWU1309218); Doctor Funds of Southwest University.

① Data source: The National Vegetable Industry Development Planning (2011 – 2020) issued by the Ministry of Agriculture.

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my into a single State, the collective, individuals and other subjects, the circulation channel transformed from the original procurement to multi-channel, vegetable prices gradually transformed from official prices orientated to the two-track system price. The vegetable circulation system continuously developed, vegetable production, circulation and sales gradually step into the orbit of market economy.

1.3 Vegetable circulation system of marketing stage (1933 –)

Since 1993, vegetable circulation has stepped into the period of free flow of the market. In December 1994, the Ministry of Domestic Trade has introduced the "Wholesale Market Management Measures". In 1995, "Vegetable Basket Project" was conducted again with Mayor's responsibility as the core. In 2008, "China, Shou Guang Farm product logistics park", approved by the National Development and Reform Commission, stated constructing in Shandong Province. The Logistics Park will be the largest comprehensive agricultural products logistics in Asia after the completion, also it will be the largest vegetable distribution center, price formation center, information trading center, logistics distribution center and vegetable standard formation center. In October 2010, Department of Agriculture published of the *Ministry Of Agriculture Targeted Market Management Measures*, to revise and improve the original *National Vegetable Basket Project Fixed Wholesale Market Center for Fresh Agricultural Products Management Method* ([1996]91), and the *Ministry of Agriculture appointed Administrative Measures on the Market of Agricultural Materials Pilot Agricultural City* ([2005]16). In May 2010, the National Development and Reform Commission made an announcement on improving pricing policies to promote vegetable production and circulation. The above information shows that under the government's macro-control, vegetable circulation system has realized the transformation of marketization, the market has become an important means of adjusting vegetable circulation. At this stage, vegetable varieties tend to be a wide range, the yield tend to stable, the pattern of Market Diversification has basically established. Vegetable enterprises and farmers actively establish joint mechanisms of production and marketing of vegetables, technology is widely applied in vegetable production and circulation, circulation means diversified, circulation region globalized, circulation links have also become more complex.

2 The develop history of the Chinese liberalize vegetable market

The liberalize vegetable market in China is mainly taken the form of the traditional market, supermarket, convenience stores and so on, distributed in various regions of China's urban and rural areas, in order to facilitate the consumers. With the development of market economy, the liberalize market has experienced a series of evolution, which can be divided into the following stages:

2.1 Comprehensive – planned economy period: 1949 – 1978

The vegetables market system is basically a continuation of the two years after the founding of the PRC in 1949 – 1951, before

the founding of the individual sales and circulation system. Beginning in 1951, urban vegetable sales to the main outlets were operated by the state-owned enterprises, with a strong sense of comprehensive-planned economy. However, because of the wide distribution of rural China and dispersion characteristics of the farmers, the rural market for vegetable trade experienced a period of time after the founding of New China which just repeated opening and closing, until 1966 all rural farmers market were forced to be closed, its free trade began to accept the full control of the country.

2.2 Relatively ease-planned economy period: 1979 – 1992

With the establishment of the household contract responsibility system in 1978, which opened the prelude to a market-oriented reforms of China's economic system, the vegetables liberalize market reform have also begun. Rural bazaars, closed for more than ten years, begun to resume in 1979, showing a relatively active market transaction situation. In 1983, the State Council promulgated the "Measures for the Administration of urban and rural markets" marks a legal protection for the country on personal business liberalization in trade fairs, the urban and rural farmers' market are also in a rapid recovery, changing the situation of state-run vegetable distribution outlets monopoly vegetables operations. In 1985, after abolishing the state purchase underwriting policy, the degree of liberalization improved quickly, led to a decline in the proportion of vegetable circulation through the farmers market. Supermarkets, convenience stores and other retail formats for vegetable trade began to appear in the coastal areas, richen the sales channels, Since then the rural and urban vegetable sales network initially formed.

2.3 Market-oriented period: since 1993 After 1993, the whole country has increased the efforts to market-oriented reforms. With the implementation of the "vegetable basket" project, the liberalize vegetable market further open up the prices and encourage competition. The shopping malls, supermarket chains had participated in the vegetable business links, and its market share gradually increased over the traditional market. Supermarket sales can be done on the basis of quality assurance are relatively inexpensive, and can provide ancillary services such as simple processing, which favored by the majority of consumers. In rural areas, some areas began to appear new vegetable retail market based chain stores, marching the fragmented rural market and relatively weak purchasing power, to better meet the vegetable consumption needs of the rural market.

3 The growth of the China's vegetable wholesale market

The vegetable wholesale market is the place for bulk vegetable products trading, or the sum up of the exchange relationship. The vegetable wholesale market in China is mainly divided into two categories: centralized origin wholesale and distributed wholesales. Centralized origin wholesale fair is the gather of vegetable from production base and other places, and sold to the city's wholesale markets, while distributed wholesales fair is set up in

vegetable consumption (mainly urban) to supply vegetables in the region wholesale market. Comprehensive development of vegetable wholesale market in China began in the 1980s, and has made considerable development over the past two decades.

3.1 Relatively ease-planned period: 1979 – 1992 Since 1979, China's urban and rural areas has begun to gradually restore the founding of the PRC after the mandatory revocation for vegetable wholesale market, some large cities and the main origin of vegetables wholesale market gradually established. In 1985 and 1991, the relevant departments of the Central raised the overall construction and reform of China's vegetable wholesale market twice, pushing to a peak period of construction. The vegetable circulation via the traditional fair trade significantly reduced since 1991. The vegetable wholesale market shares from circulation rised quickly. At this stage, the software and hardware facilities has been initially strengthened, led to the initial formation of the national vegetable wholesale network.

3.2 Market-oriented period: since 1993 With the transition from a planned system to a market economy of vegetable production, marketing and distribution system, the status of the wholesale vegetable market vegetables in the circulation is rising quickly. Till the end of 1994, the vegetable business through the wholesale market turnover ratio rose to 50%, which were more than the farmers market and state-owned companies. Meanwhile, the construction quality of the vegetable wholesale market gradually improve. In Dec. 1994, "the wholesale market management approach" was issued, which gave the scientific definition of the wholesale market in China for the first time, and raised the wholesale market for the construction of the core nationwide circulation market construction planning. After 1994, the Chinese government has strengthened the legal construction of the vegetable wholesale market, and introduced a wholesale vegetable market management approach, "fresh vegetable wholesale market building five-year plan", "national Vegetable Basket Project sentinel fresh agricultural center wholesale Market Management (tentative)" and the

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for universities, scientific research institutions and enterprises to establish the industry-university-research strategic alliance and provide knowledge, talent and intelligence guarantee for the development of agricultural technological innovation strategic alliance.

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Ministry of Agriculture designated market management approach and other management practices or regulations, constructed the China Agricultural Supply and Demand Information Network, Information Network of vegetables and vegetable prices, supply and demand information site, promoting the further development of China's vegetable market. Currently, the major cities in China have formed a large vegetable wholesale markets, such as the Beijing Xinfadi vegetable wholesale market, the Shandong Shouguang Jiuxiang vegetable wholesale market, the Shenzhen Buji vegetable wholesale market, Chongqing Guanyin farmers market. There are more than 2000 wholesale markets, 70% vegetable sales, Chinese vegetable sales channels continue to enrich and improve.

4 Conclusions

This paper has reviewed vegetable market development from vegetable circulation system, the develop history of the liberalize vegetable market and the growth of the vegetable wholesale market in China. From the development of vegetables market in China and its characteristics; the development of vegetable market in China is related to vegetable market system, the change of institution, some technology development and infrastructure. Therefore, in order to perfect the vegetable market and improve the vegetable circulation efficiency, vegetable market information publishing platform construction, market system perfection, logistics channel regulation etc. would be the effective sides to begin with.

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