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Limited prospects for fruit in China, says CP

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While Thailand has a free-trade agreement for fruit and vegetables with China, Thai exporters should not rush to explore the giant market due to its poor distribution network, according to Dhanin Chearavanont, the chairman and CEO of the Charoen Pokphand Group, Thailand's largest agribusiness conglomerate.

Mr Dhanin, who has expanded his businesses to China for more than two decades, shared his experience with hundreds of businesspeople at a seminar to celebrate the 30th anniversary of Sino-Thai diplomatic relations yesterday.

The group was reportedly enthusiastic about exploring the Chinese fresh fruit market when the Thaksin administration signed a bilateral free-trade pact on fruit and vegetables with Beijing, cutting import tariffs on the products to zero immediately when the agreement took effect on Oct 1, 2003.

Another CP executive said the group's fruit business in China had been mediocre. Fortunately, the group had the Lotus Supercenter chain to distribute the produce. But he could not see opportunities for small exporters so far.

Currently, the group is aggressively expanding the Lotus Supercenter chain in the mainland. This year, it projects that growth would see a great leap forward, with at least 80 new stores opened in addition to the current 46 locations.

According to the Thai Commerce Ministry's statistics, in the first two months this year, the country delivered US$8.8 million of frozen and dried fruit to China, a decline of 13.7% year-on-year. Last year, the country exported $73.2 million worth of the products, up by 6.5% from 2003.

But he emphasised that fast-growing China still had opportunities for Thai businesses, in particular those related to trading. "Whatever products China imports, their prices will keep rising, like natural rubber, while products mainly produced in China will see their prices fall significantly worldwide. I would like to urge you to take note of this," he said.

Mr Dhanin personally believes that over the next 10 years, if only 10% of the 1.3-billion-strong Chinese population are rich, China's economy will be the same size as Japan's, currently the world's second largest.

Banthoon Lamsam, chief executive officer of Kasikornbank, a key organiser of the event, said this was the second year that the bank had staged the seminar, which has helped the bank promote itself among Chinese investors who wanted to invest overseas. Among all Thai banks, Chinese investors are most familiar with Bangkok Bank.

Mr Banthoon said the bank had made connections and exchanged information with Chinese investors thanks to last year's event.