

China-ASEAN production-consumption networks - a case study of Lao banana exports to China

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Research background

Banana investment is the largest fruit investment in Laos, mainly supplying the Chinese fruit market, and most of the investors are also Chinese. At its peak in the past, Laos had around 40,000 hectares of bananas, mainly concentrated in the north. Then severe pollution and a series of conflicts and problems led to the ban on bananas in 2016. Coupled with fluctuating market prices, many aspects of banana investment in Laos have changed. Only around 20,000 hectares of bananas remain, and the distribution area has gradually shifted southwards from the original north. But after 2016, little attention has been paid to the changes in Chinese banana investment, especially in Luang Namtha province, the border province between China and Laos, where the ban on bananas began. Luang Namtha province has long historical ties with China, being the place where rubber was first introduced in the 1990s and where banana investment first began to appear. At the same time, Luang Namtha province contains and manages the land border ports-Boten Port, through which almost all goods destined for China need to pass and is the most important land port between China and Laos. During Covid-19, the restrictions and closures of Boten port resulted in a large number of fruit investors suffering losses, such as bananas and watermelons. Luang Namtha is therefore a key area to investigate the history and development of Chinese banana investment and will help to understand more deeply the transformation and development of Chinese banana investment in Laos.

Research purpose

The main purpose of this study is to investigate the province most affected by the ban on bananas in Laos in 2016 as well as the province with the Boten port - Luang Namtha. The main focus is on the historical changes as well as the development of banana investment in this area. It also focuses on how the key part of banana transportation takes place at the Boten port, and what changes in the port

border took place after the end of China's Covid policy.

Results/Achievements

1. Banana investment in the Luang Namtha region has changed dramatically. Between 2012 and 2016, the largest banana investments in Luang Namtha were concentrated in the Muang Sing and Muang Long areas, with a maximum of 4,000 hectares in one area, leading to a banana boom. However, after 2016, there are now only three banana plantations left in the province, and they are only a tenth of the size. Local farmers are increasing their income by planting new cash crops, such as sugar cane and cassava.

2. After the banana ban, the government of Luang Namtha gradually formalized its management of pollution and agricultural cultivation issues. In addition to implementing systematic management in the application and approval process, the provincial government requires that all agricultural products imported or exported must meet the requirements of Good Agricultural Practice (GAP). Therefore, all remaining banana companies in the region have obtained GAP certification, as well as sugarcane, cassava, and other crops. The strict management requirements have brought about changes in the local investor groups and investment strategies. In particular, with the expansion of other cash crops, some banana investors have already begun to plan exploratory development in the southern region.

3. Cargo traffic is returning to normal at the Boten port. Following the end of China's Covid policy, a large number of Chinese tourists have been coming to Laos through the port, while restrictions on the transport of goods are gradually being lifted. However, as the rail link between China and Laos is not yet in place, it is still of limited use for the transport of fruit. However, other goods, such as minerals and starch, are being transported by rail, reducing the pressure at the port and indirectly facilitating the transport of fruit.

Plans for further research

This study focuses on the history and development of Chinese banana investors as well as observed the impact of agricultural investments in other crops, such as cassava and sugar cane, on banana investments. Therefore, apart from natural disasters and market factors, what kind of crop will have an impact on Chinese banana investment, and in what way, and with what results, is something to watch in the future.



Photo 1 China-Laos Railway



Photo 2 New banana workers come to the banana plantation