

TABLE 19

Sample Distribution Margins (%)

Distribution Level	End User		
	Household	Gift Givers	Industrial
Wholesale brokers	15-20	20-25	9-13
First-level wholesaler:			
normal quantity	2	12	8-15
large quantity	10	10	N/A
Second-level wholesaler:			
normal quantity	12	N/A	N/A
large quantity	N/A	N/A	N/A
Retailer	30	20-27	N/A
Total margin	57-64	52-64	17-28

Source: Forestry Agency.

Third-party sales agreements are used to sell goods outside the established markets, such as in direct purchase from foreign suppliers. For example, some imported, processed and dried mushrooms do not go through the wholesale markets and thus the market handling fee is not applicable. Third-party sales are also used to distribute unsold goods from the market, on sales to areas outside the wholesale market's district, or on sales to other wholesale markets.

Distribution Routes and Margins Vary

In general, producers sell to affiliated co-operatives and agricultural associations as well as independent shippers and forwarders who take the goods to the wholesale markets. Mushrooms are then sold by auction to other regional markets or brokers who then sell to wholesalers. The wholesalers sell to retailers or to large quantity purchasers, such as processors and restaurants. Most imports enter the initial stage via a specialized importer.

There are three basic classifications of domestic end users of mushrooms – household, gift and industrial. The trend over the past five years shows

an increase in the industrial classification, reflecting the growth in the restaurant and processed food industry. Distribution routes and margins vary by end-user classification.

For example, for mushrooms destined for households, the market charges producers a standard handling fee of up to 8.5 per cent. Wholesale brokers purchase mushrooms at auction and then sell to first-level wholesalers, taking 15 to 20 per cent. On large-scale quantities, the first-level wholesaler takes 10 per cent, but sells directly to retailers. When first-level wholesalers sell to second-level wholesalers on regular quantities, they normally take 2 per cent. The second-level wholesaler sells to retailers taking a 12 per cent margin. Retailers take 30 per cent.

Table 19 illustrates typical distribution margins at each level beginning with the wholesale market purchaser.

5 Import Tariffs

There are no quotas on mushrooms, but there are import tariffs as shown in Table 20.