

## Abstract

This research project consisted of two sub-projects; 1) The study of short-term impact of the expansion of foreign packing houses influence on Thai fruits' supply and value chain and 2) The study of long-term impact of the expansion of foreign packaging houses influence on Thai fruits' supply and value chain. The output and outcomes of this project would be used to determine strategies and plan to regulate and manage Thai fruit's industry and trading for both, governmental and private sectors. This includes strategies in elevating competitiveness and bargaining power for Thai stakeholders (Producers, Middlemen, Processors, Traders and Logistics) throughout the value chain. Durian value chain has been selected as a case study as this fruit's value chain is the one that has been most influenced and dominated by foreign packing houses due to their market value and growth when compared to other Thai fruits.

The projects used secondary data from available academic documents of related studies as well as collection of primary data from fields, including in-depth interviews of related Thai stakeholders (Producers, Packaging houses in Chanthaburi, Rayong and Trat provinces) and stakeholders in other countries which included China and Vietnam. Moreover, the lessoned-learned from other fruits' industries and the case studies of international Producer Organizations were also reviewed and discussed in order to propose appropriate strategies and measures to deal with the increasing influence of the foreign packing houses for both, short and long-terms.

From the studies of the short-term effect and impact, it is found that the increasing role of the foreign (Chinese) packing houses in Thai durian's supply chain did assist Thai producers to gain more profits due to a rise in selling prices, thus, created beneficial impact to the whole industry. However, since there is a high demand for tropical fruits in Chinese markets and is continually growing, therefore for the possible negative impacts are; 1) The Thai middlemen could lose their businesses to the Chinese middlemen and become fruits' collectors working for Chinese middlemen 2) Income taxes' loss, which depends upon the form of registration of these foreign middlemen i.e. if the Chinese middlemen do not have work permit and have been working illegally, it could result in a loss of benefits for the country as the domestic circulating capital would be lower than it should be.

This research has employed the concepts of the UN's Sustainable Development Goals, SDGs as a framework for mapping and assessment of the long-term impact of an increasing influence of foreign middlemen in Thai durian industry. In the first initial phase, the foreign middlemen played significant role in the growth of durian export to China and led to the rise in the price of the exported produces. For the long-term impact of the expansion of Chinese middlemen's influence overtaken Thai durian's industry could have both, positive and negative effects, but we are still unable to predict the intensity of such impact in the future. However, the impacts will turn out to be positive or negatives ones would depend upon future's conditions and scenarios that occur within the Thai durian's industry and these could be compared to a "Pivot point" of Thai durian's future. Those conditions are 1) Ability to administer and manage the expansion of durian farms 2) Demand from Chinese market is still high 3) Competition from international producers are not intense 4) Taste and quality of Thai durians are unchanged 5) Ability to compete among Thai producers within appropriate trade mechanism 6) Introduction of risk management to producers 7) The consistency of promotion and support in research and development for markets and production sector 8) The consistency of promotion and support in research and development in durian production and knowledge management to conserve a local wisdom for Thai durian production 9) Sustainable durian cultivation and farming.

The strategies and measures proposed in this study could be divided into three phases. 1) Strategies within the old system (organization) 2) Strategies within the new system (organization) and 3) Supporting strategies. As the establishment of Producer Organization (PO) takes longer time to settle, therefore, strategies recommended for short-terms plan would be mainly for governmental sector to build a foundation for a long-term strategy for the development of PO, the most important institution which plays a key role in a success and sustainability of Thai durian industry.

Strategies within the old system (organization) is the strategies and focus at solving a problem at hand in Thai durian industry with in 1-2 years' time and cannot solve all problems in a long term. However, the sustainability of business operation in this durian industry rely on the producers who have important role in pushing this whole industry forward. There are 4 necessary strategies that the government should implement immediately; 1) Building trust and confidence among international consumers on quality of Thai fruits 2) Short-term financial

support and measure to assist Thai producers a packing houses 3) Initiating measures on international market expansion and maintenance 4) Measures on risk management for international finance for Thai investors.

Short-term strategies under the new system (organization) are strategies that emphasized on minimizing the negative impacts and promoting the positive ones and focusing on reorganization and solve problems for a whole system, since the strategies under the old system might not be able to help solving problems sustainably. 1) Middle-term strategies includes regulation of the foreign middlemen and other related businesses within this industry, setting the follow-up system and encourage law enforcement for foreigners who entered the businesses as well as to make ready for future establishment of PO by promoting the Fruits board and committee to be the Thai Durian Board through suitable Act and legislation that would support Thai durian PO's establishment. 2) The long-term strategies involved development and strengthening of PO so that they would be as an engine which impel its organization to moving forward and sustainably promote Thai durian industry in a long term. However, in its initial phase, (within 3 years' time), the government should arrange and hire professional managers with high experienced to be in charge as well as it should also get a support from local higher education institution to be its incubator and facilitate its establishment and operation. Therefore, from all findings, it is agreed that the 'Co-op form' is the most suitable form for durian's PO.

The success of the strategies under the old and new system is also assisted and supported by the supporting strategies that could strengthen the Thai PO to be able to standing on their own in a long-term. These important supporting strategies are; 1) measures and regulation on imports and export of Thai fruits; 2) measures and regulation to systematize foreign entrepreneur and middlemen 3) promotion of GAP and GMP accreditation with a strict verification process, and 4) establishing of knowledge center and information system on durian cultivation.

