



Office Bangkok



Dear Readers,

Welcome to our second e-newsletter.

GTZ Thailand has started to publish a newsletter to update the large community of long term partners, involved colleagues and researchers and the interested business, research and politician community about activities of the Thai-German Programme for Enterprise Competitiveness. The feedback was very encouraging. We are always pleased to receive your recommendations about possible improvements, topics of interest or other information that should be made part of our newsletter.

We do hope that you will enjoy reading our newsletter and that the information given is valuable for you and your work.

Sincerely yours
Juergen Koch
Country Director GTZ Thailand

Features

- 01 | PEC and Organic Agriculture in Thailand
- 03 | Value Chains: The new wave of SME promotion
- 04 | Thai Delegation to observe food safety regulatory bodies
- 05 | Thai Quality Shrimps for EU market
- 06 | Promotion of Financial Services Project shows impact
- 07 | NEWS
- 10 | UPCOMING EVENTS

PROGRAMME FOR ENTERPRISE COMPETITIVENESS AND ORGANIC AGRICULTURE IN THAILAND

Organic markets in developed countries are growing at between 20-30% a year, and in 2006 the global market was valued at some US\$40 billion. Thailand is one of the world's leading exporters of food commodities, and has the capacity and potential to further develop its competitiveness to be a major source of organic foods, serving domestic, regional and international markets. Thailand's comparative advantages lie principally in export of tropical products which cannot be produced in the developed markets, off-season products, in-season products where demand outstrips supply, and specialty or novelty products.

The rapid growth in global organic markets, and Thailand's proximity to emerging markets within Asia itself, both present major opportunities for Thailand's organic sector. Thailand's consumers too, reflecting heightened consumer consciousness of health and environmental concerns, are turning increasingly towards 'green' products; indeed, the domestic market has by now outstripped exports.

The Programme for Enterprise Competitiveness (PEC) has identified the organic sector as a driver of the long-term competitiveness of Thailand's agro-industrial sector, and seeks to identify and address constraints through appropriate interventions and support measures.

A review of the status quo of organic agribusiness in Thailand was recently conducted within the framework of the PEC. The review was conducted in cooperation between the Thai-German Cooperation Programme and two Thai-based NGO's: GreenNet, and the Sustainable Agriculture Foundation (Thailand), and was launched on 6 July 2007 at the 5th Eco-Efficiency Forum on Sustainable Consumption and Production in Agro-Industry, on the theme "Organic Industry Thailand - Tradition and Innovation". The report, which examines the state of organic production, marketing, and regulations, and sectoral challenges, is available at www.ecoefficiency.info.

Today, Thailand has 22,550 ha of certified organic farmland and over 7,500 organic farms. The main organic crops are rice, field crops, fresh fruits & vegetables, salads and herbs. In 2006 the domestic market was valued at US\$ 13.35 m (Baht 520 m), with exports reaching US\$ 10.96 m (Baht 427 m). The main destinations for Thailand's organic exports are the EU member countries, Japan and USA.

And yet, despite triple-digit growth in farm conversion to organic methods, supplies are failing to keep pace with the rapid growth in regional and global demand. Why is this? Policy constraints, lack of land tenure, stringent importing country certification requirements, inadequate access to technical training, information and support mechanisms, farmers' perception of risk, and high compliance costs all play a part in limiting the rate of conversion to organic methods.

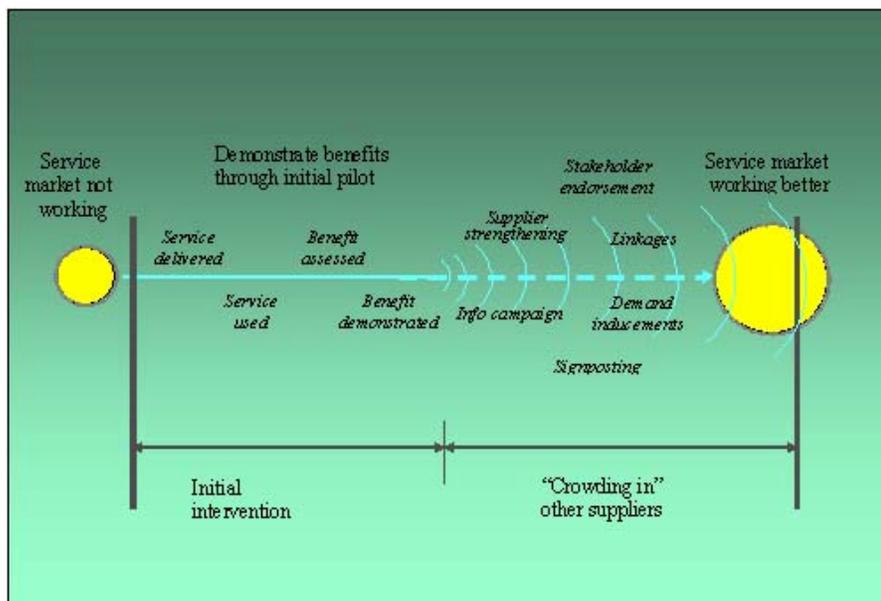
Nevertheless, there is growing recognition of the significance and potential of organic farming as a vehicle for sustainable livelihoods and poverty alleviation. The PEC is working together with government agencies and grass-roots NGO's to assist smallholders and SMEs to participate fully in this important and growing sector.

For more information, please contact Mr. Wyn Ellis (wynellis.gtzbkk@gmail.com)



VALUE CHAINS: THE NEW WAVE OF SME PROMOTION

More than 200 donors and implementing agencies, from all over the world, gathered in Berlin last month to compare notes on an approach that is gaining in popularity as the “New Wave” in enterprise promotion: value chains. The conference was opened by Karin Kortmann, Parliamentary State Secretary for the Federal Ministry for economic Cooperation (BMZ). The value chain approach has many similar characteristics to the promotion of “enterprise clusters” and “sub-sectors”. Commonly, the term is used to identify a large group of small, medium and large businesses that are linked together in the production, processing and distribution of a product or group of products. Common examples of value chains are: automotive, tapioca starch, wooden furniture or fresh fruit and vegetables. In these value chains we find input suppliers, primary producers, traders, supporting services and eventually consumers.



The advantages, for instance, of government agencies using this approach are that: firstly, a value chain in one country can easily be compared or “benchmarked” with a value chain in a competitor’s country; secondly, constraints and opportunities for the whole value chain become clearer when the value addition at each stage of the chain is measured; and, thirdly, the impact of legal, policy and regulatory weaknesses becomes simpler to understand, measure and then improve.

Value chain projects from Asia, Latin America and Africa were showcased at this conference

giving participants a chance to see “good practices” in action. Whether the focus of the value chain was on employment, competitiveness or on poverty alleviation, delegates were able to choose, from parallel working groups, whichever topic seemed most relevant to their situation.

Thailand and the Thai-German Programme for Enterprise Competitiveness (T-G PEC) were well represented at the conference with 5 senior personnel from the business, financial and eco-efficiency components. In addition to making a presentation on value chain interventions, the T-G PEC erected an impressive stand outside the conference area which drew attention to how the T-G PEC measures its impact on enterprise competitiveness in value chains. Currently the T-G PEC, with its many partners, in the public and private sectors is focusing on the palm oil, tapioca, fruit and vegetable, shrimp and saa paper value chains.

The conference in Berlin provided an excellent venue for Divisions 41 and 45 of GTZ to launch their new manual on value chain promotion called Value Links. The manual has been prepared to assist GTZ staff and partners in the design and implementation of value chain projects in Asia, Latin America and Africa.

The manual can be accessed on the internet at www.value-links.de.

For more information, please contact Mr. James Tomecko (james.tomecko@gtz.de)

THAI DELEGATION TO OBSERVE OTHER FOOD SAFETY REGULATORY BODIES

IN GERMANY & AUSTRIA, 1-10 MAY 2007

With the increasing competition in the global food markets, the issues of food quality and safety becomes increasingly important for creating sustainable competitive advantage and constitutes a main non-tariff barrier for developing countries' exporters. The producers in the exporting countries are required to meet a growing number of standards and technical rules in terms of quality, safety, reliability, environmental compatibility and hygiene imposed by their target markets. In addition, consumer awareness about food safety, chemical residues, environmental and social issues are on the rise around the world, and become an ever more important part of purchasing decisions.

An export-oriented country like Thailand cannot ignore these developments and needs to have an efficient and internationally recognized so-called "quality infrastructure" in order to maintain and expand its global market share of agricultural exports. In order to have access to the EU and other developed markets, Thai agricultural products should be certified in accordance with international standards. Hence, a well-functioning quality infrastructure is essential for increasing Thai companies' competitiveness and performance as well as breaking down technical barriers to trade. Furthermore, to achieve political objectives in the fields of environment, health and consumer protection.

The task is to improve food quality, food safety and environmental sustainability by adopting better farm management practices of an internationally recognized GAP (Good Agricultural Practice). Part of the strategy is to facilitate the establishment of a well-functioning certification and accreditation systems for compliance with internationally recognized standards such as EurepGAP. This would lead to the increase of Thai exports to the EU market and elsewhere.



The National Metrology Institute of Germany (PTB) has joined with GTZ in supporting a Thai delegation from National Bureau of Agricultural Commodity and Food Standards (ACFS), Department of Medical Sciences (DMSc), Food and Drug Administration (FDA), Kasetsart University, and Thai Fruit and Vegetable Producers Association to observe other regulatory bodies in Europe in order to experience the importance of internationally recognized standards in food safety and their relevance to competitiveness and make adaptations to the Thai regulatory environment. The aim is to strengthen ACFS, DMSC, and FDA's capacity in development and regulation the accreditation and certification systems for agricultural commodity and food products for both the domestic and international markets.

The visits gave a good insight to most areas of food safety. The study tour will assist the existing players in the certification field (such as governmental agencies, universities and private certifiers) to become internationally accredited certification bodies. The tour programme should also assist to improve the national GAP standard, creating a national food quality mark and promoting this mark in the international and domestic markets. Finally, establishing food quality infrastructure will have substantial spin-off benefits for the entire Thai economy.

For more information, please contact Khun Wannipa Wattanavaekin (wannipa.wattanavaekin@gtz.de)

GTZ, DEPARTMENT OF FISHERIES AND THAI FROZEN FOOD ASSOCIATION JOIN HANDS TO PROMOTE THAI QUALITY SHRIMPS FOR EU MARKET

In 2006 Thailand's combined seafood exports were almost two million metric tons (MT), worth approximately US\$ 5.8 billion. In the same year, more than 500,000 MT of shrimps were produced, of which 350,000 MT were exported with a value of approximately US\$ 2.4 billion. However, despite being the world's largest exporter, Thai shrimps account for only three percent of EU shrimp imports or just 16,000 MT, whereas in the US market Thai shrimps comprise 33 percent of total shrimp imports or roughly 160,000 MT.

During the past year GTZ has been assisting the Department of Fisheries (DOF) and Thai Frozen Food Association (TFFA) with several interventions aimed at enhancing Thai shrimps' penetration into EU market. Recently, GTZ joined hands with DOF and TFFA to organize a business reception dubbed "Thai Exotic Night" on 25 April 2007 at The Buro & Design Center in Brussels, Belgium. The event coincided with the European Seafood Exposition 2007 and provided the opportunity for Thai seafood processors to meet with major European importers, as well as to provide updated information on Thai seafood sector.

The Thai Exotic Night was attended by 150 people, consisting of European seafood importers, Thai seafood processors, EC officials, FAO representatives, Thai government officials, as well as the press. Dr. Jaranthada Karnasuta, Director-General of DOF presented the Thai seafood quality assurance program to the guests, highlighting several attributes for the shrimp sector such as Good Aquaculture Practice (GAP), Code of Conduct (COC), "Q" Label and computerized traceability.

It has been four years since DOF has implemented traceability system for Thai shrimps, starting from a manual traceability system using Movement Documents (MDs). A prototype of computerized traceability system called "TraceShrimp" has now been developed which provides inter-traceability on the internet with linkages to information from feed producers, shrimp hatcheries and nurseries, shrimp farms, shrimp distributors and processors. Under this system, clients or importers can check real time information on the internet such as where the shrimps come from, how they have been produced, incl. origin and ingredients of the feeds, as well as analytical results from product testing and other important traceability elements. Under the current cooperation GTZ is also assisting DOF to develop a sustainable business model and marketing strategy for TraceShrimp.

For more information, please contact Khun Parate Attavipach (parate.attavipach@gtz.de)



PROMOTION OF FINANCIAL SERVICES PROJECT SHOWS IMPACTS

The Promotion of Financial Services (PFS) Project's activities have resulted in a heightened understanding, awareness, and interest on the part of the project's partner institutions to improve and expand their lending efforts to enterprises in the overall programme's sub-sectors.

With and among its three partner financial institutions - the Bank for Agriculture and Agricultural Cooperative (BAAC), the Small and Medium Enterprise Development Bank and the Government Savings Bank - the project has built synergies with other projects of the programme, develop new financial products as well as support legal framework for improved lending.

For the two-year project period (2005-2006), the most dramatic increase in financing occurred in the oil palm sub-sector in which BAAC grew its loan portfolio 29% and 14% in each year respectively to about Euro 110 million in outstanding loans. As a result of this activity, about 7,000 growers received new financing.

This result can be partially attributed to the efforts of the PFS project helping to focus the partner institutions on the PEC's selected sub-sectors. The partners have also been significantly influenced by political and government pressures, which sought to increase financing to improve renewable energy production in biodiesel (oil palm) and ethanol (tapioca, sugar cane, corn, potato and other starch crops).



To promote new product development, the project designed and conducted a number of training courses on new product development (NPD). As a result, teams at each of the partner institutions have implemented NPD units within their organizations. In addition, new and innovative products have been developed and are in the process of testing and launch for tangerine production, oil palm replanting and tapioca feedstock for ethanol refining.

Regarding the legal environment for lending, the project supported the adoption of a draft business security act (BSA) and the improvement of the equipment registration and mortgage (ERM) process in Thailand. The project worked with the Thai Bankers' Association (TBA) and the Asset Capitalization Bureau (ACB, an agency in the Office of the Prime Minister). In association with these partners, articles and a conference received very high media attentions while explaining the draft legislation and how the act would improve the access to finance for small and medium-sized enterprises (SMEs). The BSA would legally allow Thai financial institutions to accept an enterprise's short-term assets, e.g. accounts receivable and inventories as valid collaterals.

For more information, please contact Mr. Reuben Jessop (reuben.jessop@icon-institute.de)



GTZ AND EIT SIGN MOU ON PROMOTION OF ECO-EFFICIENCY SERVICES FOR SME

GTZ recently signed a MoU with the Engineering Institute of Thailand under H.M. the King's Patronage (EIT) for cooperation to promote Resource-Efficient Management as one of the eco-efficiency tools for SME in Thailand. The objective is to enhance the competitiveness of the enterprises in the agro-industry sectors. Therefore, the cooperation will introduce PREMA (Profitable Environmental Management), developed as a GTZ project which has proven itself in many countries as a successful method. Other resource-efficient management concepts will be adopted or developed, and promoted for application in Thailand. The eco-efficiency services are produced through a market development approach and target SMEs as well as related public and private business organisations. GTZ and EIT both have a common focus on sustainable development and thus expect synergy and greater impacts resulted from interventions through this cooperation.

DEDE AND GTZ EXTEND COLLABORATION TO ADD VALUE TO BIOMASS AND ENHANCE ENERGY EFFICIENCY

The Department of Alternative Energy Development and Efficiency (DEDE) and the German Technical Cooperation (GTZ) signed an agreement to extend collaborative implementation of the project "Energy & Eco-Efficiency in Agro-Industry Project - E3Agro". The project focuses on extending the successful model of renewable energy production and energy efficiency improvement in the palm oil industry to the tapioca starch industry. E3Agro project was initiated in 2004. It started out with palm oil industry, with great success; and has produced the "Best Practice Guides for Waste to Energy in the Palm Oil Production Process and Eco-efficiency of Thai Palm Oil industry, which was presented to the Palm Oil Crushing Mills Association. The new collaboration will focus on conversion of waste into energy from the tapioca starch industry, efficient and sustainable ethanol production and energy cost saving in the shrimp industry. This is in line with the national energy policy which aims to generate 8% of the nation's total energy from renewable sources by 2011 as well as to improve production process and energy efficiency.



GTZ TAKES PART IN THE 21ST NATIONAL SAFETY WEEK

On 10 May 2007, Mr Paiboon Wattanasiritham, Deputy Prime Minister of Social Development and Human Security, presided over the opening of the 21st National Safety Week. Attracting over 20,000 attendants, the 3-day event was organized by the Safety and Health at Work Promotion Association Thailand together with the Ministry of Labour as well as other related organizations under the theme "Partnership: Key for enhancing OS&H toward international standard". The objective is to disseminate the message about the direction and development of the occupational safety and health from both international, national, government, and private sectors and to prepare for the new regulations, international standards as well as to exchange experiences among the participants concerning safe working practices and occupational health. GTZ took part in the event to present its expertise on safety themes and the positive impact of better safety measures on social and economic factors in a business. In Thailand, GTZ implements a project on Risk Management for Handling of Hazardous Materials by SME in the Bangpoo Area. Better risk management will help SME to boost their international reputation as competent, comply with various standards

and avoid financial or even personnel damage. Thus risk management is a key factor in Enterprise Competitiveness, the main goal of the Thai-German Programme.

GERMAN AMBASSADOR INAUGURATES SCIENCE AND NATURE TRAIL IN PHUKET PROVINCE

The Ambassador of Germany to Thailand, Dr. Christoph Bruemmer, presided over the inauguration ceremony for the science and nature trail at the Phuket Marine Biological Center (PMBC). The trail is part of a larger program within the German contribution to the relief efforts after the disastrous Tsunami in 2004. It is implemented by GTZ (German Technical Cooperation) on behalf of the German Ministry for Economic Cooperation and Development (BMZ) and aims to support science and to foster the environmental awareness of tourists as well as the local population. Dr. Mark Wunsch is seconded as “integrated expert” by the German Center for International Migration (CIM) to the PMBC. His work in the project includes modernizing the exhibition, training of staff, public relations and the acquisition of new sponsors. The trail is an attraction for tourists and provides environmental education for everyone interested. The science and nature trail and the Phuket Aquarium are open to the public daily from 08.30 to 16.00.



GTZ AND NIA AGREE TO IMPLEMENT PROJECT TO PROMOTE BIOPLASTICS IN THAILAND

GTZ cooperates with the National Innovation Agency to develop and promote the tapioca based bioplastics industrial sector in Thailand. The joint project focuses on the development of appropriate technologies and enabling environment for the sector. Aim is to strengthen competitiveness of SMEs engaged in the tapioca value chain, from the tapioca farmers, processing, bioplastics production, and marketing and consumption. The production of these bio-degradable products will contribute to sustainable development. Demand for bioplastics in the world market is increasing and the traditional petroleum-based plastic industry will face rising raw material prices. The project will also benefit Thai farmers as the price for tapioca is expected to rise considerably.

GTZ IN COOPERATION WITH DEDE ORGANISE WORKSHOP ON SUSTAINABLE SUPPLY OF TAPIOCA FOR ETHANOL PRODUCTION

GTZ in cooperation with DEDE recently organised a workshop that brought together key stakeholders of the ethanol production value chain for consultation and feedback on the concept for ‘Sustainable Supply of Tapioca for Ethanol Production’. Key stakeholders include representatives from tapioca grower cooperatives for the supply side, from the ethanol factories for the producer side, from the government for the policy makers and other government and non-profit organizations relevant to the issues. During the workshop, each party could address problems and discuss and comment on the concept. This consultation process is part of the sustainability approach of GTZ. As a result, the concept would provide a good basis for partnership development between an ethanol producer and the tapioca farmer groups. For the ethanol producers, security of raw material supply is crucial for their competitiveness. For



tapioca farmers, increase of income through productivity increase is their main interest. Sustainable good tapioca farming practices and eco-efficient ethanol production will further contribute to the sustainability of the whole value chain in ethanol production.



GTZ ORGANISES CITRUS STUDY TOUR TO IMPROVE SUSTAINABLE CITRUS FARMING

GTZ together with the Industrial Promotion Center Region 1 organized a “Citrus Study Mission” to Queensland, Australia between 9-16 June 2007. The main participants of the study mission were tangerine growers from the north of Thailand and fertilizer manufacturers. During the study mission, various modern crop management techniques were demonstrated. This includes soil and water testing, bug and disease monitoring, agricultural input consultation for improving crop nutrient use, irrigation system and “Integrated Pest Management” (IPM).

In addition to orchards visits, participants visited input supplier stores, citrus packing houses, orange juice producing facilities, wholesale fruit markets and organic fertilizer manufacturing facility to look at advanced operational system. The purpose of the study mission is to show Thai participants how sustainable citrus farming is practiced in Australia in order to achieve higher productivity, sound environmental management and higher food safety standards.



GTZ PRESENT AT TISTR CONFERENCE AND EXHIBITION

The Thailand Institute of Scientific and Technological Research (TISTR) had invited GTZ as its collaboration partner to join the one-day conference and exhibition on “S&T and Sufficiency Economy” organized on the occasion of its 44th anniversary. At the exhibition, GTZ presented the achievements of the decades-long cooperation with TISTR and also an example for GTZ’s worldwide engagement, a technology related success case from Nepal. TISTR’s main purpose for the conference was to foster research that is aiming to enhance economic competitiveness in harmony with the philosophy of sufficiency economy. GTZ’s corporate guiding principle of sustainable development fitted the topic perfectly, and its staff welcomed the opportunity to exchange and network with the local and international multi-disciplinary participants at the conference and at the exhibition, and with potential clients who are interested in commissioning the GTZ as a competent development implementation agency.

UPCOMING EVENTS

6th July 2007

The 5th Eco-Efficiency forum on 'Organic Industry Thailand – Tradition and Innovation' at Thansettakij Building, Viphavadee Rangsit Road. For further information see www.ecoefficiency.info

5th –7th September 2007

Asia Fruit Congress and Asia Fruit Logistica at the Queen Sirikit Convention Center in Bangkok. For further information see www.asiafruitcongress.com and www.asiafruitlogistica.com

6th –7th September 2007

EurepGAP ASIA Conference at Royal Orchid Sheraton Hotel, Bangkok. For further information see www.avantel.de/eurepgap2007

14th –17th October 2007

ANUGA, International Food Fair, in Cologne, Germany; in cooperation with the DEP (Department of Export Promotion). Partner Country this year is Thailand. For further information see www.anuga.com



For all news related information please contact
Khun Siriporn Treepornpairat
Public Information Manager
GTZ Office Bangkok
193/63 Lake Rajada Office Complex (16th Floor)
New Ratchadapisek Road, Klongtoey, Bangkok 10110
Tel: 02-661-9273 Fax: 02-661-9281 -2
E-mail: Siriporn.treepornpairat@gtz.de

