

MARKETING PERFORMANCE OF RUBBER IN NORTHEASTERN THAILAND

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ABSTRACT

The performance of local rubber auction markets and the central network market in Northeastern Thailand was investigated. Data was randomly collected from 320 rubber farmers and 6 middlemen within the two provinces of Northeastern Thailand. Results revealed that most farmers (89.94%) had sold rubber through cooperatives or groups of farmers at local auction markets or rubber network central markets in the Northeast. Marketing costs at the farmer level were found to be 0.0240 USD/kg (rubber sheets) and 0.0179 USD/kg (cup lumps) for marketing channel 1, and 0.0323 USD/kg (rubber sheets) and 0.0250 USD/kg (cup lumps) for marketing channel 2. The local auction trader had a marketing cost of 0.0301 USD/kg (rubber sheets) and 0.0307 USD/kg (cup lumps) for marketing channel 1, and 0.0384 USD/kg (rubber sheets) and 0.0254 USD/kg (cup lumps) for marketing channel 2. Factors positively affecting rubber market participation include education, farm size, membership in farmer groups, access to credit, and distance to a market. Although groups of farmers or cooperatives are important in increasing negotiation with traders in local auction markets and the network central market, groups of farmers would need financial support to manage their rubber bidding. Therefore, the government should provide financial support with lower interests to allow stronger management of farmer groups in the rubber market.

Key words: cooperative, farmer groups, cup lump, marketing margin, marketing cost

INTRODUCTION

In the past decade, rubber trees have been grown predominately in the upper Northeastern areas, rather than in the lower Northeastern regions. The upper area plantations account for 410,120.96 ha (1 rai = 0.16 ha), with a collection area of 102,232.48 ha producing a total of 161,975 tons or an average of 1.58 tons per ha (The Office of Nongkhai Rubber Market, 2015). This has resulted from the expansion of rubber plantations in 2006 which was the government's rubber extension period under the One-Million Rai Rubber Plantation Project. The target was an extension of rubber plantations in 36 provinces from 2004-2006 to cover an area of 48,000 ha in 17 Northern provinces and 112,000 ha in 19 Northeastern provinces. Moreover, rubber prices have been relatively stable and profitable since from 2003, especially in 2011 when the price steeply increased from 1.87 \$/kg to 3.31 \$/kg, drawing more farmers to grow rubber trees in higher numbers than the target. In this context, the Office of Agricultural Economics (2015) stated the total national tapping area had also increased to 2.21 million ha, which represents an increase of 0.17 million ha or 8.16% from the previous year. The level of productivity per ha was 1.64 tons with an export rate of 2.95 million tons. This was a decrease from the previous year of 3.06 million tons (3.59%) because the primary consumers, such as China, USA, and Europe, were facing economic regression and required less rubber.