

Capital Build-up of the Rubber Smallholder's Cooperative: Experience from Southern Thailand

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Background

• Rubber smallholder's cooperative (RSCoop)

was established since the huge crisis of natural rubber price in 1993.

• To solve this problem, the Thai government had;

- allocated budget for constructing factories with equipment to fume & smoke raw rubber-sheets.
- assigned the *Cooperative Promotion Department (CDP)* assembling rubber smallholders to register their groups as the "Rubber smallholder's cooperative", in 1994



Background (cont.)

• Main activities of RSCoops are:

- collecting rubber latex from its members
- to produce raw rubber-sheets and smoked rubber-sheets (as the main products). (depends on various factors e.g. price, labor, weather)



Background (cont.)

• in 1994, there were 695 RSCoops registered in Thailand

• in 2011, there were only 449 active-RSCoops with

- 77,041 members
 - only 5% of rubberholder-households
 - 171 member/coop in average
- 38.1 million USD of capital
 - 84,855 USD/coop



Background (cont.)

• Causes of fail;

- un-transparency of committee -> limited member
- no reliable for community member
- conflict between coop and land owner



Objectives

to assess ways and impacts of capital build-up
of the rubber smallholders' cooperatives



Methodology

Case study RSCoops : purposive sampling

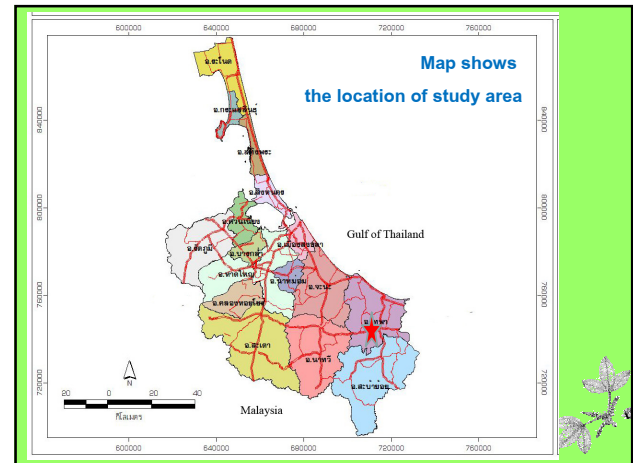
2 RSCoops in Southern Thailand, RSCoop A & B

Methods:

- annual report reviews (2006-2012)
- key informant interviews
- data collection: May 2010 – April 2012



Operating account analysis, content Analysis



Production processes of smoked rubber-sheets



Collect rubber latex



Mix latex with formic acid



Smoke rubber sheets



Make as a sheet (raw rubber)

Results

	RSCoop A	RSCoop B
Year of establishment	1996	1996
Main business	- Latex collection - Smoked rubber sheet	- Latex collection - Smoked rubber sheet
No. of member in 2011	83	153
Share capital (USD)	11,979	150,322
Average share capital (USD per member)	144	982

Results

	RSCoop A	RSCoop B
Net income in 2011 (USD)	1,465,667	3,769,837
Net profit in 2011 (USD)	72,255	191,588
Profitability ratio in the past 7 years (Gross-profit margin)	not different	Not different

Results (cont.)

	RSCoop A	RSCoop B
Personnel / staffs	- One permanent staff - Board of committee do the routine jobs	- 4 permanent staffs - Board of committee focus on decision making issues
Technology / equipment → production efficiency and lead to value-added products	- One computer for AC	- Computers for AC, sale record, etc. - Digital weighting machine - truck, new oven, - Wastewater treatment

Results (cont.)

	RSCoop A	RSCoop B
Land ownership	Renting with unclear contract	owned

Results (cont.)

	RSCoop A	RSCoop B
Way of increasing share capital	- Once a year (end of accounting year)	Everytime members sell latex to coop, 10% of total sale value will be deducted and added to their share Capital account (rules)

Not many RSCoops in Thailand use RSCoop B's model for capital build-up, but most of saving coops do !

Conclusions and recommendations

- In the future, shortage of production resources will be gradually bigger, production efficiency is vital.
- Under price fluctuation and market competition, scholars say the rubber products from smallholders have to be value-added.
- When AEC started in the near future, their main labors which are normally come from N/E Thailand and Laos will not come to work in the South.

More capital is necessary for preventing or facing problems which will be occurred due to these problems.

