Agri-Food Restructuring and Third World Transnationals: Thailand, the CP Group and the Global Shrimp Industry

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Summary. — In this paper we concentrate on developments in Souththeast Asia concerning newly-emerging relationships between the nation-state and a globally-oriented corporation. Using an integrated corporate-commodity systems analysis, we examine the nature of the farmed shrimp industry in Thailand and the company (Charoen Pokphand, or the CP Group) most responsible for the vertical integration of production, first in Thailand and subsequently elsewhere in the region. We argue that the shrimp industry, both globally and in Thailand, offers a particularly significant example of the consequences that agri-food restructuring and the intensification of aquaculture has on the possibilities for the participatory control of social resources. © 2000 Elsevier Science Ltd. All rights reserved.

Key words — Southeast Asia, Thailand, Charoen Pokphand, corporate-commodity systems, aquaculture

1. INTRODUCTION

Prior to 1997 the “rise” of a number of East Asian states, most notably South Korea, Taiwan, Hong Kong and Singapore drew international attention and analysis. The possible implications of these countries successful capitalist development generated significant speculation. The crises in the economies of East Asia have to a certain degree, however, blunted the triumphalism previously associated with their economic development. Nevertheless, the East Asian Newly Industrializing Countries (NICs) and the capital formations which have emerged from their national systems still position these countries as knowledge and policy “creators” rather than “receivers.” As such, NIC processes of development continue to be seen as models to be emulated in other parts of Asia and the rest of the world. Simply put, this process involves developing states embracing international trading systems through strategies of export orientated industrialization (EOI). In Taiwan and South Korea, for example, this culminated in the creation of a wide range of industrial enterprises in ship-building, motor vehicles, steel, computer technology, telecommunications and others, which were assisted by the active support of interventionist national governments.

The debates surrounding the successful capitalist development (and current decline) of these countries have been intense and the explanations proffered to explain such changes vary from the neoclassical to the neomarxist.

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Yet, there remain many issues which to date have not been examined adequately. For example, in an era of globalized systems of production, distribution and exchange, will the industrial structures of the East Asian NIC economies (based as they are on national systems of regulation), have the flexibility and adaptability needed to compete in a global economy dominated by “stateless” corporations? This question is particularly relevant where such corporations have emerged as a consequence of the developmental experience of the NICs themselves. What, for instance, are the implications if a “Third World” transnational company (TNC) moves offshore and transfers production activities to even cheaper sites elsewhere in the “Third World”? Similarly, is it necessarily the case that the more recent East Asian proto-NICs (e.g., Thailand, Indonesia and Malaysia) will continue to follow the “accepted” model as defined by the World Bank (1993)?

These questions pose particular problems for those countries such as Thailand or Chile, which have been characterized as NACs (Newly Agro-Industrializing Countries) rather than NICs, and which are identified in terms of their continuing involvement in the “transnational integration of production chains for both durable food and livestock/feed complexes” (Friedmann, 1991, p. 68). The adoption of this model of development makes NACs particularly vulnerable to competition from other nearby agriculturally-based economies, which may be geographically and climatically similar, and which may have vast reservoirs of ever-cheaper rural labor (McMichael, 1993). Under these circumstances, global corporations in the agro-food sector—whether “western” or “local”—have a great deal of flexibility in their options for sourcing the raw materials they need to service global markets.

Thailand is an especially useful illustration of the kinds of problems that arise in such circumstances. Although Thailand’s leading export sectors for most of the 1990s have been garments, computers, jewellery and plastics, it is still the world’s leading exporter of rice and a major exporter of poultry, canned fruit and vegetables, animal feed and more. While agriculture accounted for only 13% of GDP in the early 1990s, it accounted for 25% of exports by value and provided 55% of Thailand’s employment in 1995 (EIU, 1996, pp. 32, 43; Simon, 1996, pp. 86–87). There is considerable evidence to suggest, however, that this reliance upon the rural sector cannot be sustained in the face of strong competition from other “Third World” countries which are producing agro-food commodities more cheaply. A case in point is poultry, where China is coming to displace Thailand as the largest supplier of poultry products to Japan (USDA, 1996, pp. 76–78). But formulating Thailand’s “problem” in this way requires clarification, because what is occurring, in this instance, is that a Thai-based globally-focused poultry company (the CP Group) is re-locating production sites and coming to source supplies to Japan from China, rather than Thailand.

So while Thailand has some features in common with the NIC model, it can be suggested that there is much in the Thai experience which is historically and regionally specific (Bernard, 1996), especially in terms of its role as a major exporter of value-added and processed agro-foods. Of particular significance is the growth of shrimp aquaculture in recent years, and its position as Thailand’s eighth largest export commodity (Ministry of Commerce, 1996). This has occurred at a time when the dominant model of development suggests that a growing reliance on such agro-commodities is anachronistic (Christensen, 1992). Shrimp aquaculture has expanded rapidly, experiencing substantial increases in production levels and generating enormous revenue for a number of groups within the Thai agricultural sector. What is unusual in this situation is that the transformation of farmed shrimp into a global commodity has been achieved through a “southern” TNC—Charoen Pokphand, commonly known as the CP Group—and not an established “northern” agro-food conglomerate. In examining the processes by which the CP Group achieved this transformation, we hope not only to illustrate some of the characteristics and operational strategies of an important TNC, but also to highlight the processes and impacts of globalization at regional levels within the “Third World.” The analysis of the globalization of the agro-food industries across a number of production sites is not only important in generating an understanding of the differential consequences of economic growth and social transformations, but also in terms of determining the extent to which such outcomes are the result of conscious policy on the part of TNCs to locate and relocate in order to maximize corporate returns. What are the implications for the state and for the process of
export-led development, which result from this flexibility? Is it possible for the state to sustain the impulse for development if the global corporations, which emerged from an earlier stage of the national development process, relocate their operations to cheaper production sites?

2. BEYOND COMMODITY SYSTEMS ANALYSIS: CORPORATE HISTORY AND POLITICAL ECONOMY

For this paper we analyze shrimp by drawing from the insights that Friedland (1984) developed in his commodity systems analysis. Friedland’s conceptual framework has long provided a useful method for the study of agro-food commodities within a sociological framework. The original model was largely framed for the analysis of production relationships within national economies and within national agricultural systems (Heffernan & Constance, 1991), and in this form, it does not lend itself to the study of global commodities, whose production and marketing are organized by TNCs. Nor does a commodity systems analysis allow for an explicit discussion of the role of the state and, in particular, supra-state bodies such as the World Trade Organisation (WTO), which are of increasing importance in the liberalization of world agriculture.

As a result we propose an approach we term “integrated corporate-commodity analysis” which allows us to delineate the history and political economy of shrimp aquaculture from a corporate perspective. Our analysis is based on a modified version of Friedland’s conceptualization, which uses the following categories to examine the corporate structure and relational systems of production in the shrimp industry: (a) Corporate and Institutional Context; (b) Corporate Organization in the Shrimp Industry; (c) Creating Agri-workers: Wage Labor in the Shrimp Sector; (d) Shrimp Research and Corporate Strategies; (e) Marketing and Distribution Networks. This approach, while drawing on Friedland (1984), seeks to reformulate the mode of analysis provided in the initial commodity systems studies. Our analysis acknowledges the involvement of the state in stimulating economic activity, and the role of global bodies such as agri-food TNCs, the World Bank and the WTO.

In a period characterized by the global restructuring of agro-food systems by transnational corporations and supra-national institutions, it is necessary to give the corporate perspective priority in the overall analysis. Section 3 is a history of the development of the CP Group and an outline of its current operations. Section 4 is an analysis of the farmed shrimp industry in Thailand, utilizing the categories which form the basis of the “integrated corporate-commodity system.” Section 5 concludes with an analysis of the ramifications of CP’s role in the development of a global shrimp industry, and its implications for the processes of Third World change and globalization.

3. THE HISTORICAL DEVELOPMENT OF CHAROEN POKPHAND

The Charoen Pokphand (CP) Group was established by two Chinese brothers, Chia Ek Chiu and Chia Seow Whooy, in Bangkok in 1921, when they opened a shop house in Chinatown, trading in seeds and other agricultural inputs (Burch, 1996, p. 331; Hewison, 1989, p. 143). The group’s modern expansion stems from the 1960s, when Dhanin Chearavanont (son of co-founder Chia Ek Chiu), took over the business and expanded into the production of animal feed. By the late 1960s, the CP Group was operating two feedmills, but, “the company realised that it could grow and prosper only to the extent that Thai farmers emerged from...[extensive] agriculture to exploit the rich potential of their country” (Sjerven, 1987, p. 4). To this end the CP Group began to move back into the chain of production and, largely as a means of expanding its sales of animal feed, began to organize the contract production of poultry in a system of vertical integration in which the Group ultimately came to provide all the inputs (day-old chicks, animal feed, medicines, credit, extension services), and processed and marketed the outputs.

In this activity, CP was assisted by domestic political changes in the early 1970s. The collapse of the military regime in 1973 hastened the end of the government monopoly of livestock slaughtering and offered the company an important niche to fill (Hewison, 1989, p. 144; Suehiro, 1996, p. 230). CP went into partnership with Arbor Acres (Thailand), a subsidiary of the International Basic Economy
Corporation (IBEC), which was seeking overseas projects to diversify into, partly because of limits to US domestic activity imposed by anti-trust laws (Ping, 1982, p. 88). In 1973, CP established the Bangkok Farm Company to purchase the chicken breed from Arbor Acres (Thailand), which in turn imported them from the US parent company. In the context of an industry enjoying very large rates of export growth (66% per annum during 1975–85), CP emerged as the largest of the Thai companies engaged in poultry production, processing and marketing, largely because of its success in achieving remarkably high efficiency within its production systems (Gronski, 1994, p. 11; Suehiro, 1992, p. 57).

From this base CP moved into retailing with the acquisition of a Kentucky Fried Chicken (KFC) franchise for Thailand. Currently, CP operates 106 of the 160 KFC outlets in Thailand, accounting for one-quarter of the fast-food market in Thailand (The Bangkok Post, 1997d; The Nation, 1997b). CP acts as the key supplier of poultry products to its KFC franchises, thus adding a further link to the chain of vertical integration. Another of CP’s retail activities includes the operation of some 715 Seven Eleven convenience stores in Thailand, which acquire all their poultry—and nearly all their other product lines—from the CP Group. CP planned to expand Seven Eleven into rural and regional Thailand in conjunction with its interests in telecommunications and entertainment (Bangkok Post, 1997c; Burch, 1996, p. 332; The Nation, 1997d; Woo, 1995, p. 28).

In addition, CP has been associated with a wide range of other agricultural and non-agricultural undertakings in Thailand and overseas. In Thailand, it has investments in fertilizers, pesticides and agro-chemicals, vehicles, tractors, supermarkets, baby foods, livestock operations in poultry and swine, milk processing, crop farming and processing, seed production, aquaculture and jute-backed carpets. In non-agribusiness sectors, CP invested in telecommunications, real estate, retailing, cement and petrochemicals.

During the 1980s and 1990s CP’s overseas activities became substantial. It was one of the earliest foreign companies to invest in China, when it established a feed mill in Shenzhen in 1979 in a joint venture with the US-based Continental Grain, and is currently the largest single foreign investor in China. By 1995 CP operated 75 feedmills in 26 of China’s 30 provinces with eight million tons of animal feed sales. CP also controls the KFC franchise rights for China with operations in 13 cities and its poultry operations produce 235 million day-old chicks per annum (Bangkok Post, 1997e; Far Eastern Economic Review, 1997, p. 40; Woo & Rosenthal, 1995, p. 24). In 1997, CP accounted for 20% of China’s chicken market and 10% of the animal feed market (Burch & Goss, 1999, p. 98). CP made investments in poultry operations in Turkey, Vietnam, Cambodia, Malaysia, Indonesia and the United States; animal feed operations in Indonesia, India and Vietnam, and in a joint venture with the state-owned China North Industries Group, it held a stake in China’s fourth and sixth largest motorcycle manufacturing conglomerates. CP established its own trading arm, CP Intertrade, based on the Japanese general trading companies, the sogo shosha, as a vehicle for coordinating and exploiting the many markets in which it operates (Burch, 1996).

By the mid-1990s CP had become Thailand’s largest transnational company and Asia’s largest agro-industrial conglomerate. The Group had a total turnover of US$4.05 billion in 1995 and 100,000 employees in 20 countries. Although CP has diversified strongly into manufacturing and technology based industries, 60% of its revenues in 1995 were drawn from its agri-food activities (Bangkok Post, 1997b; Far Eastern Economic Review, 1997, pp. 38, 44). One of the most profitable agro-food areas in recent years has been the shrimp sector, where CP has been the industry leader since the mid-1980s. The emergence and expansion of the farmed shrimp industry in Thailand and globally, and CP’s role in this process, is discussed in the remainder of this paper.

4. INTEGRATED CORPORATE-COMMODITY SYSTEMS ANALYSIS: THE CP GROUP AND FARMED SHRIMP

(a) The corporate and institutional context

Shrimp aquaculture has long been carried out in Asia, usually within the basis of extensive systems of polyculture production. Under this system, an area of land close to estuaries or brackish water areas in mangrove forests, is marked out with embankments, and wild post-larvae are collected and deposited in the culture area with tidal changes being relied upon for water exchange. Stocking rates are generally
low, with shrimp feeding on naturally occurring matter within the enclosures, thus generating relatively low yields.

In recent years, however, social and economic shifts within production, consumption and trade systems have led to more intensive systems. Skladany and Harris (1995, p. 171–174) note the convergence of a number of factors which helped propel the intensification of production in shrimp farming. The finalisation of the Law of the Sea Treaty (late-1970s) led to a position whereby Thailand, with its previous reliance on ocean caught shrimp and a relatively minor exclusive economic zone (EEZ), was faced with a choice of either encouraging illegal fishing activities or transferring to new means of production. The finalization of maritime EEZs, coupled with the OPEC oil price rises of the mid-1970s, resulted in a substantial increase in the operating costs for Thai trawling vessels, which encouraged the movement toward a farmed production process that would provide higher yields and lower input costs.

Official encouragement to expand shrimp aquaculture dates from 1972 when the Thai government began to offer financial assistance and the Department of Fisheries adopted a policy of promoting coastal aquaculture by encouraging farmers to upgrade their farming methods (Anon., 1989, pp. 23–4). Further incentives over 1986–91, in the form of US$84 million in assistance, sought to encourage the expansion of the shrimp aquaculture sector during the period of the Sixth National Development Plan (Bailey & Skladany, 1991, p. 68). Assistance was also provided by the Asian Development Bank (ADB), which in 1986 approved a US$11.1 million loan for a brackish water shrimp culture development project. In the mid-1990s the Thai government spent US$60 million for the construction of pumping stations within shrimp farming areas (World Shrimp Farming, 1995, p. 26). Skladany and Harris (1995, p. 170) note how institutions, such as the World Bank and the Bank of Thailand, "acted as catalysts for private sector investment," providing seed funds for feasibility studies and the required nature of infrastructure. Technology transfers were encouraged, with the bulk of Thailand’s shrimp technology being introduced by the CP Group in a joint venture with the Japanese company Mitsubishi, employing Taiwanese technicians. The role of Taiwan was significant because it was there that intensive shrimp farming systems were first developed and applied, until the industry collapsed in the late 1980s. This collapse further stimulated the search for alternative and cheaper production sites, including Thailand. Finally, increased consumer demand and the heightened growth of shrimp consumption in Japan, North America and Western Europe led to the situation in 1985, where shrimp came to represent 20% of international trade in fisheries, exceeding all other categories (FAO, 1987). The congruence of these factors encouraged shrimp producers and suppliers to increase output (see Table 1) and since the early 1990s, Thailand has become the world’s largest producer and exporter of farmed shrimp, albeit with a declining share of world production during the mid-1990s (see Figure 1).

Table 1. Farmed shrimp production by area and volume, Thailand 1972–94.a b

<table>
<thead>
<tr>
<th>Year</th>
<th>Area (ha)</th>
<th>Volume (t)</th>
</tr>
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<tbody>
<tr>
<td>1972</td>
<td>9,056</td>
<td>991</td>
</tr>
<tr>
<td>1973</td>
<td>11,468</td>
<td>1,635</td>
</tr>
<tr>
<td>1974</td>
<td>12,092</td>
<td>1,775</td>
</tr>
<tr>
<td>1975</td>
<td>12,868</td>
<td>2,538</td>
</tr>
<tr>
<td>1976</td>
<td>12,296</td>
<td>2,533</td>
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<td>6,394</td>
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<td>24,676</td>
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</tr>
<tr>
<td>1982</td>
<td>30,792</td>
<td>10,091</td>
</tr>
<tr>
<td>1983</td>
<td>35,537</td>
<td>11,550</td>
</tr>
<tr>
<td>1984</td>
<td>36,792</td>
<td>13,007</td>
</tr>
<tr>
<td>1985</td>
<td>40,769</td>
<td>15,841</td>
</tr>
<tr>
<td>1986</td>
<td>45,368</td>
<td>17,886</td>
</tr>
<tr>
<td>1987</td>
<td>44,770</td>
<td>23,566</td>
</tr>
<tr>
<td>1988</td>
<td>54,788</td>
<td>55,633</td>
</tr>
<tr>
<td>1989</td>
<td>71,166</td>
<td>93,495</td>
</tr>
<tr>
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<td>64,606</td>
<td>118,227</td>
</tr>
<tr>
<td>1991</td>
<td>75,332</td>
<td>133,377</td>
</tr>
<tr>
<td>1992</td>
<td>72,796</td>
<td>162,692</td>
</tr>
<tr>
<td>1993</td>
<td>91,887</td>
<td>217,257</td>
</tr>
<tr>
<td>1994</td>
<td>73,247</td>
<td>256,723</td>
</tr>
</tbody>
</table>

a Source: ASCC (1996) and Department of Fisheries (1996).
b Figures are metric tons.

(b) Corporate organization in the shrimp industry

The system of shrimp aquaculture production is characterised by a high degree of vertical integration, usually organized by the companies which supply feeds and laboratory services to
associated growers. The system is particularly well illustrated by the examples of Aquastar and the CP Group (see Figures 2 and 3). CP is especially significant because it was responsible for the expansion of shrimp production to newly emerging exporters such as Indonesia, Vietnam, China and India. Aquastar, on the other hand, has essentially a national focus and even though most of its output is exported, it has no engagement in shrimp production beyond Thailand's borders.

Shrimp production in Thailand is organized through 10 specialized feed companies. The largest of these is CP Feedmills, which in 1996 produced 260,000 tonnes of feed in Thailand. By the mid-1990s shrimp feed sales were worth US$480 million in Thailand, with CP commanding 65% of market, thus making it the

Figure 1. Percentage share of world farmed shrimp production, various countries, 1995–97. ‘Others’ includes the Philippines (2.6% average share of world production for 1995–97), Mexico (1.9%) and Honduras (1.5%). (Source: World Shrimp Farming, 1995, 1996, 1997.)

Figure 2. Organizational relationships for CP shrimp production in Songkla, Thailand.
largest shrimp feed producer in the world (Manager Daily, 1996). CP also has five shrimp feedmills overseas; three in Indonesia, one in China and one in India. In India, CP can claim an 80% share of the market for shrimp feed, while in Indonesia it has between 20% and 30% of market share (in 1997 the shrimp feedmill in China was only experimental). The significance of the feed industry is demonstrated by the fact that feed is the single most expensive item, accounting for 50% of the cost of harvested products (Funge-Smith & Stewart, 1995, p. 17). This is perhaps the most profitable sector for CP’s involvement in the shrimp industry. As can be seen from Figure 2, CP has been successful in achieving a high degree of vertical integration for its processes of shrimp feed production.

As a major integrator which is engaged in the full cycle of production (from the inputs of feed and farm technology to the marketing of products overseas), the CP Group dominates the industry and shapes the organizational relations of production. CP was an early participant in the shrimp industry, and is currently the largest company in this sector. In 1994, CP exported some 30,000 tons of frozen shrimp valued at approximately US$300 million. This represented 18% of Thai exports of this commodity for that year (Bangkok Post, 1995). As with its other livestock operations, CP’s involvement in the production of shrimp is motivated by its ability to generate profits at all stages of the production and marketing process, but especially from the increased sales of animal feed to farmers and the increased export sales of high value-added products.

Beginning the move into shrimp farming in 1986, CP Aquaculture was formed as a joint venture with Mitsubishi in order to provide CP with the initial technological requirements for production (Suehiro, 1996, p. 270). The high prices paid for giant tiger shrimp (*penaeus monodon*) in Japan, the United States and Europe encouraged many small farmers to establish ponds and, either through the contract farming system or working via brokers, enter into this new activity.

Within Thailand CP operates wholly-owned farms and joint ventures in which it is usually a majority shareholder, and the price paid for harvested shrimp by the processing company to the corporate farm is predetermined by CP Aquaculture. CP initially attempted to organize “independent” production through contract systems and cooperatives (modeling organizational relations of production on its poultry and swine operations), with support from the
government's Bank of Agriculture and Agricultural Cooperatives. This system allowed CP access to land at between one-tenth and one-fifth the price of what it would cost to purchase land. Farmers, however, were opposed to the fixed price systems and the “cooperatives” broke down (ASCC, 1996, p. 78–81; Granski & Heffernan, 1996, p. 21; Shiva & Karir, 1997, p. 27; Weigel, 1994, p. 119). Unlike Aquastar, CP no longer operates an explicit contract system but acquires shrimp for processing through auctions held at harvest sites. At CP's processing plant in Ranod District, Songkla, 40% of the plant's processed materials come from company-owned farms. Of course, the impact of CP's presence in the feed market and its provision of scientific services (see below) give it a “weight” unmatched by competing processing companies within Thailand, and the company is in a position to purchase all of its processing requirements without the need to enter into binding contract relations. Where there are major price fluctuations due to volatility of supply (as discussed below), such flexibility is now of considerable benefit to the company.

In the case of CP's operations in Indonesia, shrimp production is under the control of one of its subsidiaries, CP Prima. The Group undertook operations in southern Sumatra to develop farms on 24,000 hectares of land, hire 15,000 farmers and build towns and villages (Gargan, 1995). CP Prima is engaged in animal feed production, which suggests that the Group was able to establish the same structure of vertical integration as elsewhere. In this, it can integrate its operations with other local subsidiaries, such as CP Indonesia, which runs the Group's extensive poultry operation (Far Eastern Economic Review, 1993). CP has also undertaken joint ventures in animal feed and shrimp production in Cambodia, Vietnam and India, and has explored prospects in Mexico and Iran. India is regarded as the starting point for possible future shrimp investments in Sri Lanka, Bangladesh and Pakistan (Manager Daily, 1996). In all these instances, CP's technique was to establish a joint venture with local capital and to make available the technology and skills necessary to establish new operations (Bangkok Post, 1992).

(c) Creating agri-workers: wage labor in the shrimp sector

One of the major outcomes of the shrimp industry is its domination of local economic activities where whole districts become dependent for employment on the activities of shrimp production. The greatest number of people are employed within the processing plants (approximately 2,000 workers per plant), followed by the feedmills (between 200 and 400 workers) and at a distant third, the farms themselves (perhaps one or two workers for every pond). The replication of standardized factory work within this sector is similar to many other labor-intensive capitalist production processes. Within the processing plants, a gendered division of labor exists which is all-encompassing and rarely contravened. This takes the form of young women making up the production line workforce for the manual processing of shrimp. The women are usually in their late teens to early-20s and earn the legal minimum wage, around US$2.50 a day. There are no special rates for overtime work nor unions or on-site organizations to protect rights. There have on occasions been industrial disputes with workers winning increases in wages based on length of service; yet there is no overall substantial improvement on minimum rates (Thai Development Support Committee, 1995). As the legal minimum wage remains the guiding principle for earnings in a sector with high worker turnover, it is easy to recognize the inequity in bargaining power and the difficulty for organizing collective action. Another aspect of employment changes is demonstrated in the processing plants of southern Thailand where there was a 20% decrease in employment levels between the beginning of 1996 and the beginning of 1997. This lack of employment security is the result of the seasonal nature of work within the processing plants and, more specifically for this period, the impacts of declining production levels due to disease.

Male workers on the other hand tend to be a little older, but their earnings are roughly similar—again because of the adherence to minimum wages. Within the processing plants, male workers hold positions as drivers, guards and forklift operators and are less likely than female workers to be affected by the changes of employment levels during off-season periods of decreased production.

Feedmills employ fewer workers as compared with the processing plants, and while there is once again a significant gendered division of labor, employment levels of men and women are roughly equal. The standard pay rate is the minimum wage with no special rates for overtime. There does not appear to be any signifi-
cant level of industrial conflict within the feedmill system because the workforce is usually fairly small and differentiated within work practices, making coordination between workers difficult. Needless to say there are no bodies of representation for workers’ interests (as one manager stated, “unions are not necessary because we treat our workers well”).

Turning to the farm sector itself, it is possible to suggest that, contrary to the claims of the industry and the Thai government, the existence of a large number of small-scale, independent shrimp farmers is highly exaggerated. This is not to suggest that there are few small farms. Rather it is to emphasize that very little clear evidence exists as to the nature and patterns of land ownership or multiple farm ownership, in part because farm owners desire to avoid the liabilities associated with registration or taxation, and in part because of a lack of desire by government to enforce regulations (Funge-Smith & Stewart, 1995, p. 51). As such, it is likely that local villagers do not participate in shrimp farm ownership but rather in the provision of wage labor or as tenant farmers. For example, in Ranod district, Songkla province (one of the main centers of shrimp production in southern Thailand), a government survey in 1992 revealed that 42% of farms were corporate-owned, 19% contract related and 39% private enterprises (Songwathana, 1997). This suggests that close to two-thirds of farms were at the time part of a corporate presence and were not owned by small-scale entrepreneurial locals. A Network of Aquaculture Centres in the Asia-Pacific (NACA) survey found that only 20% of shrimp producers own their farms (NACA in Barraclough & Finger-Stich, 1996, p. 17). On this evidence, the main beneficiaries (in ownership terms) of shrimp farm developments are not likely to be local villagers (Hagler, 1997).

(d) Shrimp research and corporate strategies: containing protest, combating disease and maintaining market share

The development of shrimp farming as a global industry has lead to the emergence of a large body of literature aimed at offering policy advice, improving efficiency and increasing production in shrimp farming (for example, Bith-Hong, Pingsun & Yung, 1997; Hotta, 1996; New, Tacon & Csauas, 1993; Phillips, 1994). The areas of research that dominate industry literature are disease, feed, pollution and, to a lesser extent, a range of issues highlighted by “green” groups. CP has used its status within the shrimp industry to produce and promote a number of resources which are of benefit to farmers, researchers and government officials. This has involved the publication of newsletters (in Thai and English) concerning current shrimp research, the provision of technical services to farmers and the funding of research concerning disease. Yet these activities are hardly philanthropic: they are indicative of CP’s strategy within the shrimp sector and are symptomatic of the ways in which the company seeks solutions to the constraints placed upon the further expansion of the industry.

(i) Disease and technical services

An interesting aspect of the technical base of shrimp production is its demonstration of the ways in which new “south-to-south” relationships of technology transfer are developing. While the case of Latin American shrimp production, with its relative dependence upon North American technology, fits the old “First World/Third World” model, the Thai experience suggests a different perspective. CP has been one of the most dynamic agents in this process of transfer in the Asia-Pacific region. Thailand was itself a recipient of technology transfers from Taiwan, and now CP in turn provides the full range of know-how and inputs to the joint-venture projects it has established throughout the region. Currently, the primary areas of interest for researchers include feed and hatchery efficiency, disease control and genetic engineering (Skladany & Harris, 1995, p. 179). Disease is by far and away the most serious techno-scientific issue faced by the farmed shrimp industry. As a proportion of industry literature, it dominates reports and newsletters, along with questions of management techniques, control and quarantine procedures and diagnostic and treatment protocols. Disease virtually wiped out the Taiwanese shrimp farming industry in 1988 (Stonich, Bort & Ovares, 1997, p. 165), while in 1993 Chinese producers lost 80% of their crop within a two month period. In 1991, one report identified seven diseases that had been detected in shrimp in Thailand.

The CP Group, in a joint venture with government and other industry members, has recently established the Shrimp Culture and
Research Development Company to act as the major research arm in Thailand for the pursuit of advanced genetic codes for higher shrimp production levels and greater disease tolerance (Bangkok Post, 1997a; The Nation, 1997a). In addition, CP has mobile diagnostic units, able to offer advice and disease control to farmers within their production circuits. Perhaps the most important factor in CP’s provision of diagnostic services to many independent shrimp farms is its strategic nature. That is, by offering farmers a scientific service “free” of charge they create two significant relationships. First, CP maintains an active knowledge of the farming systems throughout its diagnostic region which allows it to prepare for many eventualities such as the onset of disease. This also allows the Group a fairly good view of the shrimp themselves—which at harvest time gives company agents the greatest amount of information (as compared to other processing companies) when choosing stock to acquire for processing. Second, the provision of these services acts as an incentive for farms to maintain further relations with CP (through feed and technology inputs, for instance). Company representatives act as direct contacts with shrimp farmers providing information and technical know-how, and in this way, establishing a positive relationship (“making friends”) which can be cultivated for commercial purposes.

(ii) Pollution and environmental change

One particular issue that has received international attention has been the loss and destruction of mangrove areas for shrimp farms (Folke & Kautsky, 1992; Knud-Hansen, 1995; Primavera, 1998; Weigel, 1994). This highly contentious issue has been met, however, with stiff denial on the part of industry and sections of the Thai government (see, for example, Kongkeo, 1994, p. 70). The Asian Shrimp Culture Council (a research and industry grouping funded jointly by the CP Group and the Thai government) has published a number of reports and articles which purport to show that the shrimp industry is not the prime cause of mangrove destruction (Hambrey, 1996, pp. 1 and 4; Menasveta, 1996, pp. 2 and 3). The Shrimp Council (a public relations body of the US National Fisheries Institute representing US importers of farmed shrimp) has also sought to counter the claims of mangrove loss as a result of shrimp farming (The Shrimp Council, 1996).

But pollution from shrimp farming undoubtedly occurs, and has serious side effects for local peoples utilizing the surrounding environment. Shrimp ponds demand both fresh and salt water and thus use local water resources with great intensity. In the latter stages of the production cycle, water exchange rates of 30–40% are required every four to five days in order to maintain water quality (Thongrak et al, 1997, p. 131). Salinity problems with seepage into neighbouring fields and fresh water–ways is a common occurrence, which has been widely reported. This makes alternative cropping (such as rice) very difficult as it affects production levels and crop quality (Claridge, 1996; Gain, 1995, pp. 16–17; Mukul, 1994; Radhakrishna, 1995, pp. 14–15; Skladany & Harris, 1995, p. 184). Sediments and pond effluent are often simply released into surrounding water systems to save costs. This has, in turn, affected the shrimp farms themselves as local salt water quality is now highly suspect (Flaherty & Karnjanakeson, 1995, p. 33). Finally, the conversion of coastal systems into monocultural areas has had disastrous long-term social and ecological effects. The lifespan of an intensive shrimp farm is between five and 10 years, and once the farm is finished it is difficult to convert it to other productive activities. In Thailand only 3–5% of the original farms in the Gulf of Thailand (Thailand’s first intensive farmed shrimp region which developed in the late 1980s) remain in operation (Musig, 1996).

(e) Marketing and distribution networks

The harvesting of shrimp and its subsequent distribution are “further links” in the production chain which are under corporate control, and in which the CP Group plays a major part. What is most interesting about this element is the nature of shrimp consumption relative to its production; 80% of the world’s production enters the global market. Of all the major producers, China is the only country not to export the majority of its produce. Thailand, the world’s largest producer of farmed shrimp, consumes only 15% of its total production (Skladany & Harris, 1995, p. 180; World Shrimp Farming, 1996, p. 58).

Given the huge expansion in shrimp consumption in the “first world” over the last ten years, CP has sought to make significant use of its capital mobility by being positioned in strategic points vis-à-vis global markets. For
example, CP has exported its management techniques and feed knowledge to farms in Mexico (ASCC, 1996, pp. 85–88). While one can only speculate, such positioning could in the future help CP to obtain a production base that benefits from the comparative advantage of Mexico’s proximity to the United States, one of the world’s largest markets for shrimp, with the added incentive of being placed within the NAFTA zone.

As mentioned earlier, CP has its own international trading company which acts to market company products, including shrimp, globally. The Group operates a policy of flexible sourcing, as befits a transnational enterprise. CP Intertrade has offices in 10 countries outside Thailand—Singapore, Hong Kong, Malaysia, Korea, Taiwan, Japan, Belgium, Germany, Vietnam and the United States—each of which, according to a senior executive in the company, plays a significant role in the Group’s operations:

Singapore helps us with exports of packaged rice, chicken meat and...shrimp products...Malaysia helps us in trading, sales/distribution of canned food and as a source of feed for raw materials. Korea handles duck meat, and...shrimp and chicken...Japan helps in handling chicken meat, processed food and shrimp...Belgium is a sourcing base for raw feed materials produced in Europe [and]...Vietnam is both a market for agricultural products—corn, beans, cashew nuts, etc—and also an import base for feed activities and shrimp exports (Bangkok Post, 1994).

In this context it is worth noting the consumption patterns of shrimp eaters. Most estimates in the US place 70% of shrimp consumption as occurring outside the home and shrimp is now the second most popular seafood in the United States after tuna (Nixon, 1996, p. 33). Increasingly, a large amount of shrimp is consumed within the fast-food sector as well as the 'high-end' markets (e.g., restaurants). At the same time processed easy-to-prepare shrimp is becoming a more common item on supermarket shelves.

A further link in the corporate-commodity analysis of shrimp involves an examination of the financial politics of shrimp. Over the last decade shrimp prices, in line with production levels (see Table 2), have gone through a series of boom and bust cycles. The most spectacular of these occurred over 1988–90, when giant tiger shrimp prices drifted between US$17.50 and US$8.50 per kg unit (ASCC, 1996).18 Prices climbed rapidly in 1988 as a result of the collapse of the Taiwanese industry, which experienced crop losses of over 75%. But higher prices fed a huge expansion of the global industry and by 1990 there was a glut. The subsequent drop in prices brought high rates of bankruptcy for those that had over-capitalized on the expectation of continuing strong prices. Funge-Smith and Stewart (1995, p. 46) note that at the farm-gate a 10% decline in shrimp price can result in a 73% decline in income.

In Thailand export prices for shrimp depend greatly on their market destination (see Tables 3 and 4). The difference between unit values was as high as US$5/kilogram, in the case of the United States and Taiwan during the 1994–95 season. This in part reflects the quality of shrimp being sold and the level of spending power of consumers within the countries of import. The outbreak of diseases in Thailand during 1996 significantly affected the industry, with a 13% drop in export levels and a 17% drop in export value recorded for the period 1994–95 to 1995–96. Thus, the significant rise in per/kg prices for the Japanese market can be understood in the context of a shortage of high-quality shrimp and the fact that Japan is by far the most stringent buyer in terms of import regulations concerning shrimp health. 19 Yet, the significant decline in shrimp export value is of greater concern. When shrimp quality declines in line with production decreases associated with disease, shrimp exporters must seek new markets for the lower valued shrimp. This is demonstrated by the increases in exports to China, Taiwan and South Korea (Tables 3 and 4). Changes in the levels of profitability frequently result in substantial industry restructuring. Where farmers are receiving higher prices per unit, these are usually the farms with the highest levels of capital and security (in part represented by the CP farms). By way of contrast, many farms operating at the margins of profitability do not have the ability to ride out a drop in price or a crop loss due to disease and often end up in debt or out of business. In addition, given that 80% of Thai shrimp farmers purchase feed on credit, the prospects of significant levels of debt are simply a certainty (Funge-Smith & Stewart, 1995, p. 54).

The decline in export values and production in 1996 and 1997 was the first of its kind in the Thai industry's brief history. While it did not match the massive declines recorded within China and Taiwan in the last 10 years, to those...
who envisaged continuing increases in production, this decline in Thailand came as a surprise. More importantly, though, for an organization such as CP, changes such as these figure in corporate preparedness, and in the context of its regional investments, this gives CP a security and flexibility unavailable to any other player within the shrimp sector in Thailand. While CP has invested large amounts in Thailand, and thus cannot simply “walk away,” management in 1996 made clear its knowledge of the 30% cheaper costs available in Indonesia (Manager Daily, 1996). The irony of the devaluation of the Thai baht in mid-1997

Table 2. Farmed shrimp production by country 1980–97\textsuperscript{a,b}

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<tbody>
<tr>
<td>China</td>
<td>2</td>
<td>150</td>
<td>150</td>
<td>145</td>
<td>140</td>
<td>30</td>
<td>35</td>
<td>70</td>
<td>80</td>
<td>80</td>
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<tr>
<td>Taiwan</td>
<td>5</td>
<td>75</td>
<td>30</td>
<td>30</td>
<td>25</td>
<td>20</td>
<td>20</td>
<td>NA</td>
<td>NA</td>
<td>14</td>
</tr>
<tr>
<td>Indonesia</td>
<td>35</td>
<td>73</td>
<td>120</td>
<td>120</td>
<td>130</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>132</td>
<td>80</td>
</tr>
<tr>
<td>Ecuador</td>
<td>9</td>
<td>38</td>
<td>73</td>
<td>100</td>
<td>95</td>
<td>77</td>
<td>89</td>
<td>100</td>
<td>120</td>
<td>130</td>
</tr>
<tr>
<td>Thailand</td>
<td>10</td>
<td>24</td>
<td>118</td>
<td>153</td>
<td>163</td>
<td>217</td>
<td>257</td>
<td>225</td>
<td>205</td>
<td>160</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>7</td>
<td>14</td>
<td>25</td>
<td>25</td>
<td>30</td>
<td>35</td>
<td>30</td>
<td>35</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>India</td>
<td>12</td>
<td>22</td>
<td>32</td>
<td>35</td>
<td>45</td>
<td>55</td>
<td>70</td>
<td>60</td>
<td>70</td>
<td>40</td>
</tr>
<tr>
<td>Vietnam</td>
<td>4</td>
<td>7</td>
<td>30</td>
<td>30</td>
<td>35</td>
<td>40</td>
<td>50</td>
<td>45</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Philippines</td>
<td>1</td>
<td>35</td>
<td>30\textsuperscript{d}</td>
<td>30</td>
<td>25</td>
<td>25</td>
<td>20</td>
<td>25</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>


\textsuperscript{b} Figures are 1000s tons (metric); NA—not available.

\textsuperscript{c} Estimates.

\textsuperscript{d} This includes a drop from the 1989 production level of 50,000 tons.

Table 3. Thai export markets October 1994–September 1995\textsuperscript{a,b}

<table>
<thead>
<tr>
<th></th>
<th>Tons (metric)</th>
<th>Value US$ (millions)</th>
<th>Price/kg (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>66,120</td>
<td>764</td>
<td>11.55</td>
</tr>
<tr>
<td>United States</td>
<td>40,814</td>
<td>544</td>
<td>13.33</td>
</tr>
<tr>
<td>Singapore</td>
<td>12,827</td>
<td>102</td>
<td>7.95</td>
</tr>
<tr>
<td>Taiwan</td>
<td>12,016</td>
<td>89</td>
<td>7.41</td>
</tr>
<tr>
<td>European Union</td>
<td>20,287</td>
<td>189</td>
<td>9.32</td>
</tr>
<tr>
<td>China</td>
<td>7,046</td>
<td>60</td>
<td>8.52</td>
</tr>
<tr>
<td>South Korea</td>
<td>1,976</td>
<td>20</td>
<td>10.12</td>
</tr>
<tr>
<td>Others</td>
<td>29,319</td>
<td>236</td>
<td>–</td>
</tr>
<tr>
<td>Total exports</td>
<td>190,405</td>
<td>2,004</td>
<td>10.52</td>
</tr>
</tbody>
</table>

\textsuperscript{a} Source: Department of Fisheries (1997).

\textsuperscript{b} Value figures are January 1997 US$/Thai baht exchange rate equivalents (B26 = US$1).

Table 4. Thai export markets October 1995–September 1996\textsuperscript{a,b}

<table>
<thead>
<tr>
<th></th>
<th>Tons (metric)</th>
<th>Value US$ (millions)</th>
<th>Price/kg (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>40,118</td>
<td>537</td>
<td>13.39</td>
</tr>
<tr>
<td>United States</td>
<td>47,594</td>
<td>470</td>
<td>9.88</td>
</tr>
<tr>
<td>Singapore</td>
<td>14,792</td>
<td>122</td>
<td>11.11</td>
</tr>
<tr>
<td>Taiwan</td>
<td>10,977</td>
<td>81</td>
<td>7.38</td>
</tr>
<tr>
<td>European Union</td>
<td>18,110</td>
<td>162</td>
<td>8.95</td>
</tr>
<tr>
<td>China</td>
<td>12,440</td>
<td>100</td>
<td>8.04</td>
</tr>
<tr>
<td>South Korea</td>
<td>3,729</td>
<td>34</td>
<td>9.12</td>
</tr>
<tr>
<td>Others</td>
<td>17,607</td>
<td>210</td>
<td>–</td>
</tr>
<tr>
<td>Total exports</td>
<td>165,367</td>
<td>1,716</td>
<td>10.38</td>
</tr>
</tbody>
</table>

\textsuperscript{a} Source: Department of Fisheries (1997).

\textsuperscript{b} Value figures are January 1997 US$/Thai baht exchange rate equivalents (B26 = US$1).
is that, in effect, it wiped out the differences in production costs with other countries in the region. For CP, in simple cost terms, it is now possibly cheaper to remain in Thailand and consolidate investments overseas, especially as the devalued baht brings in greater revenue (The Nation, 1998a). Aside from profiteering for a few, however, this provides only temporary relief to the problems discussed above—as the devaluation might simply lead to another bout of boom and bust production as occurred in the late 1980s.

5. CONCLUSION: CHAROEN POKPHAND IN REGIONAL CONTEXT

A number of themes become apparent when analyzing the global shrimp industry and the role of the industry's largest integrator. Charoen Pokphand's expansion has not been limited greatly by national boundaries, and its ability to seek sites throughout East and South Asia has favored those investors and companies seeking high returns who have associated themselves, through joint ventures, with CP. At the same time, it seems that a degree of stagnation is beginning to creep into the industry, thereby inhibiting its mobility. Areas which had been touted as major sites such as the Philippines and China have not met expectations, and have experienced dramatic crop losses in the last 10 years. Through 1997 Thailand too, experienced shortages of shrimp as the result of significant crop losses during 1996. New sites in India and Indonesia have exhibited rapid expansion and great potential is envisioned for Vietnam. It is yet to be demonstrated, however, that the continual declines in some regions can be counterbalanced with further expansion in others. The early 1990s seemed to suggest this was possible following the decline of the Taiwanese industry and the subsequent increases of production within Thailand, India and Indonesia. Yet, by the late 1990s, it seems that the huge pressures of disease, crop losses and environmental damage are beginning to slow the further globalization of the shrimp industry. While CP will most likely remain in Thailand in the short and medium term, whether the Group will maintain its presence in the long term is perhaps the key in this process. For it seems quite likely that Thailand's share of global shrimp production will decline as India, Indonesia, China and Vietnam become cheaper sites for production (in both an economic and ecological cost sense). CP's position in Thailand has been instrumental in pushing Thailand to providing the largest segment of world production and has thus far underpinned the industry's rapid growth, in turn generating significant capital and accumulation opportunities for CP to ensure its expansion into other regions. The situation of massive transformations in ecological, social and economic circumstances that have resulted from farmed shrimp production are all the more daunting if the responsible parties (who are by far the wealthiest) reach a point where they have no need for further participation in this sector of the Thai agro-food industry. By the late 1990s the prospects for the Thai shrimp industry, while not bleak, are far removed from the massive expansions and euphoria of the late 1980s and early 1990s.

6. POSTSCRIPT: THE CP GROUP AND THE EAST ASIAN ECONOMIC CRISIS

Although rumors concerning the state of the Thai economy had persisted through late 1996 and early 1997, it was the suspension of 58 seriously troubled financial institutions on June 27, and August 5, 1997 that revealed the full extent of the economic crisis confronting Thailand. The total credit extended by these institutions was about one trillion baht, or one-sixth of the total credit extended by the financial sector, and the situation inevitably resulted in the cutting-off of further credit to productive sectors, and a loss of liquidity. In September 1997, the chairman of CP, Dhanin Chearavanont, noted that the effect of the crisis, by pushing small and medium firms to the "wall," would eventually create problems for the larger firms and the economy as a whole (Bangkok Post, 1997f). The devaluation of the Thai currency (a 50% drop in value between July and December 1997) meant that the cost of overseas debts had escalated dramatically and further off-shore borrowing was now patently prohibitive. In addition, import prices of raw materials for the productive sectors increased, although for the export sector it was believed that the devalued baht would lead to cheaper goods in dollar terms, thus driving export demand. Yet, this hoped-for export boom failed to materialize as demand within the wider Asian region collapsed (in 1996, 58% of Thailand's exports had been within the Asian
region; see Ministry of Commerce, 1997). Regional currencies fell as the effects of large-scale private sector debts and strict monetary policies led to stagnation within the economies of East Asia (Bangkok Post, 1998c; The Economist, 1998). As Martin Wolf noted,

Between 1996 and 1998 the unit value of [Thailand's] exports (in dollar terms) is expected to fall by nearly 13 percent and the unit value of imports by 7 percent.

Under these assumptions, the country will have experienced a 6 percent loss in the purchasing power of its exports, in terms of imports, in just two years. Thus Thailand must run faster merely to stand still (Financial Times, 1998).

While CP felt the impact of increased import prices of raw materials at the first stages of the crisis, it believed this would be off-set by increased overseas demand for products such as poultry and shrimp. In September 1997 CP Intertrade optimistically announced an expected 20% rise in revenue for 1997 and an even larger increase in 1998 (Bangkok Post, 1997g). CP took the view that revenues from its agro-food operations would compensate for losses in its non-agribusiness investments, and in particular telecommunications, cable television and petroleum. But with the fall in the baht and the failure of exports to boom, key CP investments begin to suffer. A number of minor assets were sold in 1997, including shares in Apstar, a Chinese satellite communications company, Kopin, a US-based research company in the wafer chip industry, and CP offered for sale its stake in PetroAsia, a joint-venture project with the Petroleum Authority of Thailand and the Chinese government. Yet, the depth of the crisis was much greater than had been predicted and by March 1998 TelecomAsia, the Group’s flagship telecommunications company, had debts of USS600 million. As a result, the Group had to face a number of major problems surrounding its debt burdens, which required the sale of assets in order to maintain cash flows and core businesses. The Group was forced to offer joint stakes in all its business ventures, under the condition that CP maintain majority ownership in each sector. Included in these offers were the Seven-Eleven chain, Lotus Supercentres and Siam Makro cash and carry stores. The Group also planned the sale of its 35% stake in Shanghai Milas Brewery to Heineken MV, its partner in the joint enterprise, the complete sale of its US poultry investments, a 40% stake in the Ek Chor Motorcycle company, and holdings in a number of automotive accessory plants (Bangkok Post, 1997h,1998a).

In April 1998 the totality of the Group’s problems was finally revealed, when it appeared that the Hong Kong subsidiary, CP Pokphand, would default on its holdings of floating rate notes, valued at US$93 million, if they were to be redeemed early. On this occasion the creditors agreed to defer until late May the redemption of these notes, but at the same time the share price of CP Pokphand fell, while on the Thai stock exchange, the blue-chip Charoen Pokphand Feedmills fell by 30%. In the meantime CP Pokphand reported a loss of US$107 million for 1997, and the Group’s operations in Indonesia lost US$54 million (in May 1998, PT Charoen Pokphand of Indonesia had to request one year’s deferral on debts of US$400 million—see Business Times, 1998). The China operations continued to record a profit (US$34 million in 1997) and ongoing asset sales alleviated the problems of the Group to some degree. But the Group was forced to relinquish control over many of its assets because there were few offers for minority investments. As such CP had to agree to the sale of majority stakes of its assets. Britain’s largest supermarket chain, Tesco, paid US$200 million for a 75% share of the Lotus hypermarket chain in Thailand, and loaned the CP Group another US$16 million on commercial terms, secured by the Group’s remaining share in the company. The Group also sold its 30% holding of PetroAsia to its joint partners and sold an oil extraction plant and wheat flour plant in China (Bangkok Post, 1998b 1998d 1998f; The Nation, 1998b).

At the late May meeting of CP Pokphand, at which the issue of the Group’s failure to redeem its US$93 million debt was considered, the company informed its creditors that if they insisted on an early redemption, the company would default. The creditors had little choice but to relent and the company was given further time to reschedule its debts and restructure its operations. In June 1998, the Group announced its intention to undertake a far-reaching consolidation of its operations around its core activities. All remaining agro-food and aquaculture activities would be placed under one listed company, the Charoen Pokphand Feedmill Co, thereby allowing the Group to concentrate on the production and marketing of high value-added processed food and inputs (Business Day Thailand, 1998a,b).
Whether the restructuring and asset sales carried out so far are enough to guarantee the survival of the CP Group into the future remains to be seen. In CP’s case its earlier and more successful attempts at shifting production bases throughout the region no longer seem tenable. It has lost the ability, for the moment, to pursue interests outside agri-business and must rely on a number of less profitable markets and production sites it had expected to no longer need nor utilize. Nevertheless, it would be premature to write off the CP Group. In historic terms alone the company’s involvement in the expansion and transformation of agro-food systems within the region remains significant, with the farmed shrimp industry being the most profound example. Moreover, the company’s position within the agro-food sector remains strong and the Group retains its capacity as one of the world’s largest animal feed producers. We would also suggest its theoretical significance remains, that is, the CP Group is an important concrete example of the manifestations and patterns of production (and the consequences of those processes) that have emerged in a period of liberalized and deregulated global trading regimes.

NOTES

1. We acknowledge that our third, fourth and fifth categories strongly parallel Friedland’s (1984) divisions of analysis, and we readily admit to the intellectual debt. We believe, however, that the first and second categories, with their respective changes, create a relatively differentiated form of analysis from Friedland’s original work.

2. The background of the IBEC is in itself interesting as it is indicative of the degree to which agro-food production is shaped by the forces of large capital enterprises. IBEC was initially formed in 1947 to coordinate Rockefeller family business interests in Latin America. In 1980 a merger with the English transnational Booker McConnell PLC resulted in the formation of IBEC Inc. Rockefeller interests in the merged company remained with family members retaining the positions of president and chief executive officer (Lewis, 1982).

3. Extensive shrimp farming yields up to approximately 500 kilograms per hectare per crop (live weight) whereas semi-intensive and intensive methods yield up to 5,000 kg/ha/crop. Most farms, however, tend to average between 2,000 and 3,000 kg/ha/crop (World Shrimp Farming, 1996, p. 94, 96).

4. The World Bank classified Thailand as a “potential major loser” in its survey of the effects of EEZ finalization (Sfeir-Younis, 1982, p. 75).

5. Aquastar ran into significant problems with its contract schemes collapsing and BP Nutrition (Aquastar’s parent company) divesting the processing arm of the company—now known as Thai Union Frozen. One can only speculate but it seems that the demands of the contract system as organized by Aquastar (25-year contracts and significant levels of overdraft requirements) placed farmers and the company in a tenuous position. Perhaps, more importantly, the kind of profitability sought by BP within the aquaculture sector was not being met (Gronski & Heffernan, 1996, p. 30). Aquastar contracts were cancelled in 1996 due to conflicts between the company and farmers. At the time of writing, the contracts were being rewritten—although this time contracts are to be for five years.

6. These figures are from a personal interview carried out in January 1997 with a CP Group executive.

7. This, however, probably represents the peak of CP’s production in Thailand, as it is likely that processing levels have declined during 1995–96 due to disease outbreaks (Manager Daily, 1996). But when considering the aggregate total of CP’s operating capabilities across the many countries where it has investments linked to the shrimp industry, the exact significance of production declines on a national level can perhaps be overestimated.

8. This joint venture ended in 1992 when the CP Group acquired 100% control of CP Aquaculture in a buy–out of Mitsubishi’s share.


10. The details of this section are based on interviews and surveys with management, sales officers and workers in three processing companies (Kiang Huat Sea Gull Trading Frozen Food, CP, Golden Harvest), two feedmill companies (Aquastar, CP), three corporate farms (CP, Aquastar) and ten independent farms in the districts of Chana, Tepa and Ranod, Songkla province, during January, February and June of 1997.
11. For strikingly similar cases in Guatemala and Taiwan, which reproduce almost identical social and gender relations of production in export sectors of manufacturing, see Petersen (1994) and Gallin (1990). For an especially significant theoretical analysis of labor processes within the global agri-food system, see Jarosz (1996).


15. This was taken to rather bizarre extremes during 1997 with an advertisement (associated with an industry campaign) appearing in the English language press in Thailand accusing the European Union (EU) of being, “an organised criminal racket that stomps on poor farmers of Thailand” (The Nation, 1997c). The advertisement was the result of changes to tariffs which affect the importation of Thai shrimp to the EU. What is intriguing about the advertisement is that it seeks to represent the shrimp sector in Thailand as composed of poor rural farmers being discriminated against by the vicissitudes of protectionist international trade practices. The implication is that free trade regimes would be in the interest of poor Thai shrimp farmers. The advertisement goes on to accuse the EU of being a, “bourgeois master who cruelly chains and whips Thai farmers without compassion.” The incongruity of appeals to class consciousness from the leaders of industry bodies representing, at that time, US$2 billion in exports is, at the very least, amusing, though at its worst, the advertisement was insidiously misleading.


17. Interview with a CP Group shrimp feed sales agent, Songkla province, June 1997.

18. Unit measurements for shrimp occur in categories of five or 10 (e.g., 16/20s, 21/25s, 40s etc.) which usually refers to the number the number of headless shell-on shrimp per kilogram. The prices quoted here refer to 16/20s giant tiger shrimp—the most valuable shrimp product.

19. This situation was also exacerbated by a 12% appreciation, in real terms, of the Thai baht relative to the Japanese yen, in effect making Thai exports 12% more expensive for this period (Warr, 1997, p. 326).

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