

The Policy Improvement for Developing OTOP under the Context of Changing into ASEAN Economic Community (AEC)

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Abstract—The development of One Tambon One Product (OTOP) became the policy of the government in 1997 after the former Prime Minister had been in power. The strategy of sections is currently set for the policy. OTOP has become the part of the way of community lives around the country. OTOP may be developed under changing into ASEAN economic community in 2015 because of the flow of capitals, productions, and many workers in the region. All sectors are improved for the change. The purposes of study were to study the strength and weakness of the OTOP-creating process via its policy and to lead to the strategy to be able to apply before changing. The methodology is qualitative to study its policy including document and to interview experienced persons. The findings showed that the effort of improvement of all sectors obviously involves with OTOP development. Particularly, the strategic administration of OTOP is in every level of the state, central sector, region, and community.

Keywords—ASEAN Economic Community – AEC, One Tambon One Product – OTOP.

I. INTRODUCTION

ONE Tambon One Product is the concept that requires each of villages to have its own products. The products are made of the local materials, resources, and knowledge to be developed until they become the products that can build an income for the community. The local business is motivated by the concept of the project of Japan's successful One Village One Product. The concept of OTOP is encouraged the community to create the local products and market. One of the remarkable products is chosen from each of sub-district to be sealed "OTOP". OTOP including the products such as handicrafts, cottons, silks, potteries, ornaments, house wares, and foods is widely in the locality.

The government of the former Prime Minister Thaksin Shinawatra supported and motivated the policy of One Tambon One Product continuously after Thai Rak Thai party had won election in 2001. The concept of the project of Japan's successful One Village One Product has been encouraged to be the policy of the country under the brand name "OTOP". The structure and the role in working in involving sections were reformed extremely. Political continuum was for long time after Thai Rak Thai party had won election again. It also has become the main policy for developing the community of the department of community

development, Ministry of Interior. The figures of the marketing worth increased from \$1,969 million in 2009 to \$2,132 million in 2010. And then, the worth rose from \$2,203 million to \$2403 million in 2011, and rose \$2,483 million in 2012 to \$2,731 million in 2013.

The mentioned figure indicated that every government did one's best resource and budget in creating OTOP products continuously. In the present, the Prime Minister Yingluck Shinawatra's government sets the goal of building OTOP's worth. It will be more \$3,125 worth of OTOP in 2015. The Ministry of Interior has set the OTOP-developing plan in its strategy in 2013 to 2018. [1]

The study has shown that improvement of OTOP faces the changing business environment after the ASEAN economic community. In various limits, the question is how the government improves the strategy of this altering situation. The set strategy will be able to support or encounter the changing. This is new situation for the confronting OTOP products.

From the above problem, the frame of hypotheses in this research was set in the OTOP-developing context in the past. The involving condition set will be changed after AEC cooperation will extremely be begun in 2015. The various limitations will be considered for the directly involving persons such as people in the community, stakeholder, and public and private sector.

II. LITERATURES REVIEW

Over the last twelve years, the OTOP development was in the context of economy, society, and politics. It was not linked in changing in the level of state or region. The most development emphasized on the construction of the community's potential for promoting the other aspects such as tourism, [2] agriculture, and SMEs. It can be seen that the administrators of the department of community development have allotted the process of OTOP development from 2011 to the present as follow: In 2001, it was the system of administration and work integration. It was to find out the main product in 2002. The excellent products were selected in 2003. The quality and product standard were developed in 2004. In 2005 it was the marketing promotion. The outstanding OTOP products were chosen in 2006. In 2007 it was the product search with marketing potential + KBO. The entrepreneurs were promoted in 2008. In 2009 it was the permanent development of villages for tourism. The OTOP network was developed in 2010. It was the development and

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economic product worth addition in 2011. In 2012-2013, the business is promoted into ASEAN economic community.

It can be seen that the OTOP promotion and development were in the important point when the structure and condition of law may be improved for ASEAN economic community. It will start in 2015 for Free Trade Area, services, capitals, and workers. Particularly tariffs of ASEAN's member have been brought down to the 0-5 percent tariff range. It has a plus and minus effect for domestic products and OTOP as well. [3]

In supply side, it has both the strength and weakness points for OTOP's producers and entrepreneurs, that is, they can increasingly expand the export into ASEAN's market because of the largely market size in aspect of a ten-country to be one market. Its member can import the cheap materials from the ASEAN because it is economy of scale. The same products from ASEAN can move in Thailand. The quality of Thai products is poor, but it is produced in the high capital. This causes loss of easy marketing because it cannot compete with price. [4].

The analysis accords with the types of OTOP group set by the public sector. For example, 71,739 of OTOP products were registered in 2012 from 36, 092 of entrepreneurs. They have been divided into three groups: the group of 243,272 community producers, the group of 11,204 soles, and the group of 561 SMEs. It is noteworthy that the community producers and entrepreneurs are sole to be the main structure of OTOP. This group must be promoted and developed in the increasingly potential competition.

From the categorized group of the quality of the products, it was found that 71,739 of the mainly-registered products are of C and D quality. The only clothes are mainly of B quality and C and D respectively. It can be said that the largely-produced products are the poor and middle quality. The clothes and the part of utensils are the identity products that have the good quality. There were little goods produced. The products of OTOP will confront with the exchanging business environment after ASEAN economic community. There are many of limits; for example, the strategic improvement in the exchanging situation will be important for OTOP products confronting with the coming future.

Purposes of this study were to study the strategy of the government used in stimulating and developing the OTOP products before and after ASEAN economic community in 2015, to study the state of a problem and an obstacle happening in OTOP after ASEAN economic community in 2015, to study the possibility of OTOP improvement and competition after ASEAN economic community in 2015, and to be the foundation of creating the permanently OTOP products.

In scope of the study, the researcher studied the strategic plan of the department of community development, Ministry of Interior in the mainly OTOP development because it was the first sector set in developing the quality of goods, production, and administration and in building the quality of the entrepreneurs or the villagers in the community. An achievement of the various projects was assessed at least ten years in the past. The researcher studied a variety of

conditions and specifications used after ASEAN economic community in 2015. The researcher analyzed the occurred opportunity and obstacle and investigated the model of business compared with the strength and weakness point of the strategic improvement in OTOP development of the government.

III. RESEARCH METHODOLOGY

Both qualitative and quantitative approach was used in this study. This research was the policy improvement for developing OTOP under the context of changing into ASEAN economic community (AEC). Primary data obtained from interview were utilized in this research. The part of community included the head of the community and OTOP producers. In the field, observation of production and the OTOP administration were in the interesting area. The officers of the government as the persons setting the OTOP developing policy were interviewed in-depth.

The secondary data such as the policy papers, the reports, the texts, the previous research, the journals, newspaper, magazines, internet, and the documents of related organization were used to study in this qualitative research.

The primary and secondary data, the important sources, were used to analyze the qualitative results occurred from the OTOP developing policy according to the study. After that the results were tested with variables and the related theory to analyze the effect of the significantly strategic policy by descriptive method. In the synthesized data, the researcher utilized the analyzed way of the following time frame: the OTOP-developed products started from 2001 to 2005; and the OTOP-developed products were in the era of the political exchange from 2006 to 2010.

To study both the development and the goal according to the exchanging context, the researcher used the above data to investigate the related theory such as the concept of rural economy, self-sufficiency economy, and small and micro community enterprise. The situation of exchanging into ASEAN economic community in 2015 was used to be variables in analysis.

IV. FINDINGS

The One Tambon One Product or OTOP development was in the beginning era from 2001 to 2005, that is, it was the first era. It was found that the small and micro community enterprise was primarily brought to utilize. The political and administrative environment was eagerly encouraged in every sector because the Thai Rak Thai party's government, the former strong Prime Minister Thaksin Shinawatra had been in power. Thaksin Shinawatra could use the policy in election campaign and it appeared to be the concrete. It was the policy form the project of Japan's successful One Village One Product.

Administration in the first period of time is mainly the foundation projects; for example, the order of the office of Prime Minister about the board of the 2001 national OTOP directors was declared in September of 2001. The committees

of the national OTOP director were set by the former strong Prime Minister Thaksin Shinawatra. He assigned a deputy of Prime Minister, Pongpon Adirecsarn, to be the president of the committee. The committee had the authority in setting the policy, strategy, and main plan of OTOP. Standard, tenet, selection, and registration of excellent products were efficiently conducted according to the policy and strategy.

The goal of OTOP's policy in the first era was the narrow goal for achievement limit; and the policy had responded the politics of Thai Rak Thai party. The purposes of the policy included three steps: (1) the strongly community construction with the good income and lives, (2) the quality of OTOP-created products with standard and added worth, and (3) contribution and export both in the domestic and foreign. The worth of OTOP is at least \$1094 million in 2014. This policy is significantly not reflected on OTOP products related between economic unit and the country's exchanging economic growth under ASEAN's cooperation. [5]

V. DISCUSSIONS

The ASEAN economic community will start in 2015, it will be useful for One Tambon One Product; and OTOP of Thailand may be useful in aspects of relation, that is, Thailand will receive the benefits on principle or agreement under the frame of Free Trade Area taking place in the ASEAN's member. The goal and accomplishment of agreement is to require ASEAN to be single market and production base. The members of ASEAN can move the goods, services, investment, workers, and capitals within ASEAN freely.

The OTOP is the same. Thailand will receive benefits from non-tariff barriers. It makes the market big because there are more than six hundred million people. The channel of the future market is ASEAN + 3 (China, Japan, and Korea) and ASEAN+6 (China, Japan, Korea, Australia, New Zealand, and India). OTOP of Thailand will have more opponents from ASEAN. Particularly OTOP producers have the mainly domestic market base. It suddenly has an impact because of its poor quality and low capital price. Another product can be substituted for OTOP because it is cheaper price which may increasingly come to Thailand. It leads to competitive price. The analyzed benefits of OTOP group and an impact in the various levels or group are the most important thing before OTOP's policy is set in the future.

VI. RECOMMENDATIONS

A setting the policy of OTOP products has matrix and the concept from the political party. It is good for the political party that can lead the policy to campaign election for people. The policy is accepted and led it to the practice to be public policy. The process of policy's concept requires more universalization, that is, the goal of this policy is to build the concrete countrywide. The word "One Tambon One Product" is used in leading the policy to practice by the state sector. It is significantly not clear for the economic development although it has the other sectors for attendance such as Ministry of Industry and Ministry of Commerce. It is seen that an

assignment for the department of community development, Ministry of Interior, is the first sector for responsibility in this matter.

Therefore, the creation of OTOP has several aspects not to accord the really environment of the exchanging economics, society, and politics. Particularly it is a good example case for ASEAN economic community. It is set that every Tambon or sub-district must have its own products. It becomes limitation for competition because OTOP can survive in business and figure of sales will be index for survivorship.

The plan of OTOP products of the Prime Minister Yingluck Shinawatra is the frame of the old concept, that is, it focuses on its goal of \$3,125,000,000 million worth of the economy in 2015. Sub-districts are the no-exchanging area used for the development. This is a myriad of limitation when entering the context of competition with ASEAN economic community or AEC. The prominent limitation is the problem of economy of scale while it has the addition of various standards of goods. For example, they have divided into four groups or levels: the level A is the excellent goods with high quality and it is productive. The level B is the identity product with the high quality and it is rarely manufactured. The C level is the developing product with middle quality and it is mostly produced. The D level is the improving product manufactured easily. It has become the specification to be a burden of budget and depression for the community.

The researcher commends the government for analyzing relationship between the foundation of the community and environment of economy, society, and politics for OTOP production. It should be more flexible for existing goods. Hypotheses and concepts should newly be improved for the worth of OTOP goods. It is not essential for the only business. Then, it can be developed in a specific characteristic. For example, it should be the products for culture and tourism while another product will be the line in business for the goal of ASEAN economic community. The logistic system in the level of district, province, and region is developed for manufacturing the products and economy of scale.

ACKNOWLEDGMENT

The author would like to thank Assoc. Prof. Dr. Luedech Girdwichai, the President of Suan Sunadha Rajabhat University, Bangkok Thailand for financial support. I would like to thank Ass. Prof. Dr. Prateep Wajeetongratana, The Dean of Faculty of Management Science for the full support in this research.

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