

Logistic strategy and supply chain management to develop channel distribution Thailand – Myanmar border trade, the area of Chiang Mai to support AEC

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Abstract

The aims of this research are to study supply chain and local logistic system which connects to Thailand and Myanmar border trade and to estimate the potential of logistic at Kew Pha Wok checkpoint for border trade in Chiang Mai, Thailand. The research is qualitative research in case study approach. The methodology used to collect data on logistic and supply chain are field survey, deep interview, and focus group discussion by using logistics potentiality evaluation form. Then we use SWOT-TOWS matrix to analyze this data for describing the potential and strategies of logistics and supply chain. The result in logistics and supply chain's perspectives found that this checkpoint for border trade is far away from Chiang Mai city around 120 km and far away from important cities in Myanmar such as Mongton, Monghsat, Mongpan, Mongnai, Taunggy, Mandalay, and Naypyidaw no more than 750 km. The quality of road in Thailand is very effective but in the Myanmar has to be improved. There is no storage from downtown to checkpoint for border trade, no transportation of goods and service across the border and no border trade facilitation because this checkpoint is closed. Following to this data, we found 5 strategies to develop logistics and supply chain. 1) We should study the demand of Myanmar's goods and service in significant cities 2) Local government should repair the road which is dilapidated. 3) We should analyze about advantages and disadvantages of having storage and not having storage 4) Thai government should negotiate with Myanmar government to open checkpoint for border trade and 5) we need to focus on local and within country trade to prepare goods and service for the border.

Keywords -logistic, supply chain, border trade, Thailand – Myanmar

1. Introduction

The pattern of international trade seems to be more free trade and has economic integration which is for establishing the strength of trade and investment. Thailand also has integrated with nine neighboring countries in Southeast Asia Nations to be ASEAN. As the aim of our group in the future is the free trade that helps entrepreneurs who have to struggle with the higher competition rate by reducing their cost. The management of logistic is one among efficient ways that lead to that objective.

Chiang Mai is the second highest city in Thailand which was located in the important spot where it is beneficial for border trading. There are two checkpoints for border trade including Kew Pha Wok and Lak Taeng where they are now closed. Therefore, to find the optimal solution on what problems mentioned above, we aim to study of logistic strategy and supply chain management that can bring the development of Thailand – Myanmar border trade in the future.

2. Objective

This research aims to achieve two objectives.

2.1 To study supply chain and the local logistic system where it is the primary connection between Thailand – Myanmar border trade at Kew Pha Wok temporary check point for border trade.

2.2 To estimate the potential of logistic at Kew Pha Wok temporary check point for border trade.

3. Literature Review

The logistic for border trade is a study of how to use the strategies for reducing the cost of transportation in the specific border area. In Thailand, there are some of the researches are focusing on this topic. To begin with, Thiengburanathum (2007) studied about the primitive study for preparing economic development to follow by west – east economic paths case study logistic for border trade. The result found that the development of infrastructure for transportation and the collaboration to develop the law are the ways that have to prepare.

Moreover, Sopadang (2009) study the factors that affect the potentiality of supply chain management and logistic of supply distributors in Thailand. This research compared about potentiality in supply chain

management and logistic of 124 Thai entrepreneurs and 78 Japanese entrepreneurs. The result found that Japanese entrepreneurs have more potentialities than Thai entrepreneurs especially in the organization's strategies and the collaboration among organizations, the planning and the ability to conduct follow the plan, and the applying of information technology in their company but Thai entrepreneurs have more effective about transfer products or goods than Japanese.

From literature reviews, the most of the potential study usually use SWOT analysis method to find out the solution, see also Noga Collins-Kreiner and Geoffrey Wall (2007) study on the topic of "Evaluating tourism potential: A SWOT analysis of the western Negev, Israel". They found that the strengths of Israel country is having essential resources for tourism, especially eco-tourism and there is long-term plan on a tourism development. The uncertainty of political circumstances in Israel is the weakest weakness. However there are some opportunities such as Ecotourism is its infancy in Israel and in the region and globally, Israel possesses all the raw materials needed to develop it and eco-tourism with a strong emphasis on the spirituality of the Holy Land could be a unique product in the world tourism market.

In addition to these, using SWOT Tows matrix analysis has exponentially significant in developing strategies, see for example Praphat Onrit et al (2015) study "The Strategy Development for Community Planning of Villages in Kamphaeng Phet". They proved that the operation consisted of 8 processes: By analyzing and synthesizing information in the community highest level, the problems were found that aspects evaluation and summarizing were the highest level. The factors associated with the preparation community planning of the village in Kamphaeng Phet. The internal factors: Village committee has a corporate structure and systems administration tasks with high mobility and makes changes appropriate to the situation and external factors of the community have the local government plans to support the preparation of planned community consistent with government policy.

4. Methodology

4.1 Population and Group Sampling

- 1) The Population is the people who are living around Kew Pha Wok checkpoint for border trade.
- 2) Sample group is from 100 out of all people who are living around this checkpoint, chosen by purposive sampling method.

4.2 Instruments

1) Document reviews

The researchers have reviewed about logistics activities and the transportation of goods and services across countries rules in every checkpoint for border trade.

2) Semi – Structure interview

Semi – Structure interview is used to collect the data about logistics activities evaluation. This interview is open questions about the connection route, the quality of roads, storage, the transportation of goods and service across the border, and the process of border trade facilitation.

3) Observation and Note taking

In the prior period of this study, we were observing with only people who are not living around this area. In other words, we observed the logistic activities which truly reflect the most present situation on this particular area.

4.3 Data Collecting

1) Primary data is gathered through the questionnaire, field observation, deep interview, and focus group discussion by using logistics potentiality evaluation for gaining of logistics and supply chain data about the connection route, the quality of roads, storage, the transportation of goods and service across the border, and the process of border trade facilitation. This data was collected by voice recorded, took a photo and wrote the note.

2) For secondary data, we use data that is as close as possible to present the economic activities in this border trade area, particularly as a time series from the past up until now. In addition, we also use the transportation and connection for border trade data at this checkpoint. Finally, data showing logistic management evaluation in other places.

4.3 Data Collecting

1) Typology and Taxonomy

The data was collected from observation and note taking, Semi – structured interviews, and document reviews were classified into 5 aspects including 1) the connection route 2) the quality of roads 3) storage 4) the transportation of goods and service across the border and 5) the process of the border trade facilitation.

2) SWOT analysis

Five aspects of data is analyzed in SWOT analysis following this

(1) Strengths are internal factors that show the characteristic of the logistics and supply chain that give it an advantage over others.

(2) Weaknesses are internal factors which illustrate the characteristic of the logistics and supply chain that place this checkpoint at a disadvantage relative to others.

(3) Opportunities are external factors that present elements in the environment that checkpoint exploit to its advantage

(4) Threats are external factors which clarify elements in the environment that could cause trouble for logistics and supply chain.

3) SWOT-TOWS matrix analysis

TOWS matrix analysis is an effective way of combining a) internal strengths with external opportunities and threats, and b) internal weaknesses with external opportunities and threats to develop a strategy (Shahzad Trading & Consulting FZE, page 8).

(1) Strengths/Opportunities:

Consider all strengths one by one listed in the SWOT Analysis with each opportunity to determine how each internal strength can help you capitalize on each external opportunity.

(2) Strength/Threats:

Consider all strengths one by one listed in the SWOT Analysis with each threat to determine how each internal strength can help you avoid every external threat.

(3) Weaknesses/Opportunities:

Consider all weaknesses one by one listed in the SWOT Analysis with each opportunity to determine how each internal weakness can be eliminated by using each external opportunity.

(4) Weaknesses/Threats:

Consider all weaknesses one by one listed in the SWOT Analysis with each threat to determine both can be avoided.

5. Result

5.1 The studying of supply chain and local logistic system

This research results contain supply chain and logistics in 5 aspects following this

1) The connection route

The connection route for border trade at Kew Pha Wok checkpoint for border trade is away from downtown around 120 km and this route connects to many crucial cities in Myanmar such as Mongton (70 km), Monghsat (135 km), Mongpan (160 km), Mongnai (240 km), Taunggy (410 km), Mandalay (716 km), and Naypyitaw (750 km) which is shorter than the transportation from Mae Sai Custom.

2) The quality of roads

2.1) The quality of Thai road

The transportation from down town, Chiang Mai to the checkpoint for border trade use four lanes paved road around 70 km then another 50 km until the checkpoint is two lanes paved road. However, there are 4 km of local road before reach checkpoint for border trade is dilapidated

2.2) The quality of Myanmar road

The transportation from Kew Pha Wok checkpoint for border trade to important cities in Myanmar is two lanes dirt road and some paths are the winding paths along the mountain.

3) Storage

There is no storage for keeping goods and services temporarily. The local entrepreneurs usually transport goods and services directly from downtown to checkpoint.

4) The transportation of goods and service across border

Because of the checkpoint for border trade is closed, there is no goods and services are transported through this checkpoint.

5) The process of border trade facilitation

Due to the checkpoint for border trade is terminated, there is no border trade facilitation.

5.2 The estimating of logistics potentiality

SWOT – Tows matrix analysis was used for evaluating logistics potentiality. The data from 5.1 were analyzed by SWOT analysis in this following

1) Strengths

1.1) The checkpoint for border trade far away from downtown just 120 km (S1).

1.2) The quality of road from downtown to checkpoint for border trade is very good (S2).

2) Weaknesses

2.1) 4 km of the local road before reach checkpoint for border trade is dilapidated (W1).

2.2) There is no storage between the downtown to the checkpoint for border trade (W2).

3) Opportunity

3.1) This checkpoint border trade is the gate through many important cities in Myanmar (O1).

4) Threats

4.1) The route from checkpoint border trade to important cities in Myanmar is the dirt road and some paths are the winding paths along the mountain (T1).

4.2) Because of the checkpoint for border trade is closed, there is no goods and service transportation through this checkpoint (T2).

4.3) Because of the checkpoint for border trade is closed, there is no border trade facilitation (T3).

For finding the strategies to develop this area, SWOT Tows matrix can answer this question as following

- 1) From S1S2O1 we should study the demand of Myanmar's goods and service in important cities.
- 2) From W1O1 local government should repair the road which is dilapidated.
- 3) From W2O2 we should analysis about the benefit of storage both with and without storage.
- 4) From S1S2T2T3 Thai government should negotiate with Myanmar government to open checkpoint for border trade.
- 5) From W1T2T3 we should focus on local and within country trade to prepare goods and service for border trade in the future.

Table 1 Showing SWOT Tows matrix analysis of logistics and supply chain

Internal External	Strengths S1 S2	Weaknesses W1 W2
Opportunity O1	SO Strategies S1S2O1 Study the demand of Myanmar's goods and service in important cities	WO Strategies W1O1 Local government repair the road which is dilapidated W2O2 Analysis about the benefit of storage both with and without storage
Threats W1 W2 W3	ST Strategies S1S2T2T3 Negotiation with Myanmar government to open checkpoint for border trade.	WT Strategies W1T2T3 Focusing on local and within country trade to prepare goods and service for border trade in the future

6. Discussion and Conclusion

The result of logistics and supply chain found that this checkpoint for border trade is far away from Chiang Mai city around 120 km and far away from important cities in Myanmar such as Mongton, Monghsat, Mongpan, Mongnai, Taunggy, Mandalay, and Naypyidaw not more than 750 km. The quality of road in Thailand is very effective but in the Myanmar has to improve. There is no storage from downtown to checkpoint for border trade, no transportation of goods and service the across border and no border trade facilitation because this checkpoint is closed.

Following to this data, we found 5 strategies to develop logistics and supply chain as 1) We should study the demand of Myanmar's goods and service in important cities 2) Local government should repair the road which is dilapidated. 3) We should analysis about the benefit of storage both with and without storage 4) Thai government should negotiate with Myanmar government to open checkpoint for border trade and 5) we should focus on local and within country trade to prepare goods and service for the border.

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