



**TOGETHER**  
*for a sustainable future*

## OCCASION

This publication has been made available to the public on the occasion of the 50<sup>th</sup> anniversary of the United Nations Industrial Development Organisation.



**TOGETHER**  
*for a sustainable future*

## DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

## FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

## CONTACT

Please contact [publications@unido.org](mailto:publications@unido.org) for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at [www.unido.org](http://www.unido.org)

recherches  
conseils  
formation

19242

research  
consulting  
training

REPORT ON NEGOTIATIONS MEETINGS  
PROJECTNR. TF/INT/81/002

OCTOBER 1991

jansen, van doorn & partners  
consultants

**REPORT ON NEGOTIATIONS MEETINGS**

**Plant Level Cooperation for the Transfer of Technology to Smallscale Industries with particular Reference to the Food Processing Industry.**

**Projectnr.: TF/INT/81/002**

**October 1991**

Table of Contents

1. Introduction. . . . .	2
2. Interested parties in the Netherlands . . . . .	3
3. Negotiations. . . . .	4
3.1. Thailand. Shrimp cracker production plant. Project 35. . . . .	4
3.2. Thailand. Shrimp farming. Project 51. . . . .	5
3.3. Thailand. Dairy farming. Project 51. . . . .	6
3.4. China. Project 12. Integrated Meat Project Chongming Island. . . . .	7

1. Introduction.

This report covers the negotiation processes that were conducted in the framework of the project:

Plant Level Cooperation for the Transfer of Technology to  
Smallscale Industries with particular Reference to the Food  
Processing Industry.

This project was started in 1986 with the objective to promote cooperation agreements, which would entail an element of transfer of technology, between Thai and Chinese firms on the one hand and Dutch firms on the other. Within this project a matchmaking process between these firms was conducted by Food Industries Research and Development (FIRE) and Jansen, van Doorn & Partners, Consultants, both operating under the name Methconsult. The activities concerning partner searching and preparatory work are described in the previous reports on this project submitted to UNIDO. In the final project report all activities are summarized. This report only describes the actual proceedings of the negotiations in relation to four projects.

## 2. Interested parties in the Netherlands

In total 62 Dutch companies were contacted.

- 50 % of the Dutch companies showed no interest in PLC at the first introduction of the program,
- 20 % reacted negatively after the first mailing,
- 25 % reacted negatively after a personal meeting and follow-up discussions,
- 5 % asked JDP to pursue matching efforts without any commitments from their side.

This five percent was made up by the companies listed below. Country, project numbers and counterparts are indicated as well.

### Thailand

<u>Mr</u>	<u>Company</u>	<u>Counterpart</u>	<u>Project</u>
35	G. T. Trading	Eastern Foods Co. Ltd	Shrimp crackers
51	Gascoigne Melotte	Prom Salit Co. Ltd.	Dairy farming
51	Agrisystems	Prom Salit Co. Ltd.	Shrimp farming

### China

12	Seffelaar & van Looyen	Shanghai Light Industries Bureau	Integrated pig project
----	------------------------	-------------------------------------	------------------------------

3. Negotiations.

The various steps in the matchmaking process aiming at negotiations between prospective partners are described in this paragraph.

3.1. Thailand. Shrimp cracker production plant. Project 35.

The first meeting between Mr Tan of G.T. Trading and Mr van An del took place in November 1986. In early 1987 a meeting between Mr Chukiat of Eastern Foods Co.Ltd and Mr Tan was arranged. In April 1987 both companies signed a memorandum of understanding with the assistance of Mr J.M. de Caldas Lima of UNIDO. The memorandum indicated agreement on the following:

- a) Gotan and Kitso intend to establish a joint venture for the development, production and marketing of the current production range of savory snacks and spices, eventually to be expanded into newly developed products by utilizing the combined know-how of both companies;
- b) Until the joint venture is materialized the two prospective partners will further investigate the specific products which will be manufactured and marketed by the joint venture;
- c) In order to assess the viability of the project and to agree on details of the structure and terms and conditions of the joint venture, a feasibility study should be carried out, for which the assistance of UNIDO will be sought.

In November 1987 Mr Go and Mr Tan of G.T.Trading visited Mr Chukiat in Bangkok. On this occasion they specified their intention to establish jointly a shrimp cracker plant in Bangkok. Following this visit Mr Chukiat provided G.T.Trading with a list of equipment and prices needed for the envisaged plant.

In June 1988 G.T. Trading and Kitso submitted a memorandum to the Dutch government requesting a subsidy for a feasibility study. Since it was assumed that within the framework of the Dutch/UNIDO PLC project this subsidy would be granted, JDP decided not to waste time by waiting for the actual subsidy. The preparations for the study were

made, and a dedicated questionnaire was sent to Gotan and Kitso in order to economize on research costs.

No official reply on this request was received. Nor UNIDO neither the Dutch government were able to approve of the necessary funding that had been allotted within the PLC project.

Kitso informed JDP in June 1989 (see Annex) that it had shifted its development priorities to another product range and that it wanted to abandon the project.

### 3.2. Thailand. Shrimp farming. Project 51.

Prom Salit Company Ltd. employs 1500 people. It has interests in various areas:

- construction
- project development
- im/export of construction materials
- breeding of soft shell turtles
- fishing (fleet of 18 boats)
- fishmeal production.

The company owns and leases a total of 20.000 acres of land, for which it had no use at the time of the PLC project. In the course of the project the company proposed different projects for cooperation with Dutch partners, which would use part of this land. As a condition to any cooperation agreement Prom Salit wanted the Dutch partner to make a financial committment.

The following projects were proposed:

- Dairy farming
- Shrimp culture
- Rubber and Eucalyptus plantations
- Fruit & vegetables plantations
- Coffee plantations

It was decided to pursue the dairy and shrimp projects within the PLC project. For the preparation of this project JDP engaged the services of the shrimp culture expert, Mr A.F. de Haas. UNIDO agreed to finance



80 percent of Mr de Haas' fees. JDP requested Prom Salit to finance 15-20 percent of these fees, while JDP, in view of the reluctance of Prom Salit to contribute more than 15 percent, accepted to drop its overhead charges for this mission. Nevertheless Prom Salit declined from contributing to the preparation costs. Regarding shrimp farming Prom Salit informed JDP in January 1988 that no external expertise was needed but only financing. In August Prom Salit submitted a feasibility study of the envisaged shrimp project, made by a local expert, and urged JDP to look for financing. In the opinion of JDP it would be impossible to convince external investors on basis of this feasibility study. Nevertheless the SEAVI, a Singapore based subsidiary of the Dutch Oranje Nassau Group, was approached. Although this group showed interest in the project they could not make any further commitment on basis of the existing document.

In a letter to UNIDO of 24 February 1989 Prom Salit expressed its wish to postpone the shrimp project until the dairy project would have been carried out.

### 3.3. Thailand. Dairy farming. Project 51.

In 1988 Mr T. Jansen of JDP visited together with a representative of Gascoigne Melotte, Mr C. van der Pol, the proposed site for the dairy farm in Chanthaburi. Following this visit contact was established with the Dutch subsidiary of Gascoigne-Melotte, the Danish manufacturer of dairy equipment.

The Dutch FMO (Finance Corporation for Developing countries) was said to be prepared to contribute financing up to forty percent provided a full fledged feasibility study would be submitted.

In May 1989 JDP proposed to UNIDO to finance an orientation mission by the Dutch Consultancy firm International Dairy Consultants (IDC). Due to the delayed approval for this mission by the Dutch government it had first to be postponed to November, then to January and eventually to May 1990. Following the mission IDC had to wait for additional information from Prom Salit. Therefore the final report was not submitted to UNIDO and Prom Salit before October 1990.

At the end of the mission a meeting was arranged between Mr Apichet Krepolrerk of Prom Salit and Mr Hoekstra, Export Manager of Gascoigne Melotte. The latter offered in principle to take a ten percent participation in the project. This would be a participation in kind, consisting of equipment, cattle, technical assistance and training. Since no proper negotiations were conducted this was not yet a confirmed offer.

From October 1990 to date Prom Salit has not reacted to the study or subsequent inquiries about their intention to proceed with the project.

3.4. China. Project 12. Integrated Meat Project Chongming Island.

As part of the identification mission in April 1987 Messrs Külür of UNIDO and van Geuns of JDP visited the Foodstuffs Division of the Shanghai Light Industry Bureau. This Bureau proposed a.o. a joint venture with a Dutch partner to develop an integrated meat project on Chongming Island a part of the Shanghai municipality in the estuary of the Yangtze river. The project would include fodder production, pig breeding, slaughtering and meat processing. The emphasis was to be on the export market. The executing agency in China would be the Shanghai Food Industries Corporation. The meat would be canned in the Ma Ling Canned Food Factory in Shanghai.

In the Netherlands the Dutch Agri Bussiness Consortium was in principle interested to provide know-how and equipment for an equivalent of five percent of the investment costs.

In August 1987 a one-week orientation mission to Chongming Island was carried out by International Dairy Consultants to assess viability of the integrated meat project. The project was to entail pig breeding, animal fodder production, a slaughterhouse and a canning line. In September the report was submitted to UNIDO.

The potential Dutch joint venture partner, Seffelaar & van Looyen withdrew from the project when it appeared that:

- a) Chinese pork does not yet qualify for an export license to the USA

- b) the Chinese partners expected a larger investment in the project either from the side of Dutch investors or from UNIDO itself,
- c) the Chinese partner insisted on exporting ninety percent of the production which was deemed unrealistic by Seffelaar & van Looyen at current world market prices.
- d) integrating meat processing with breeding and slaughtering was not economically feasible.

Although JDP continued to search interested partners in the Netherlands, further activities with regard to China were cancelled after the May uprising at Tianmen Square 1989.

In July 1991 The Shanghai Light Industries Bureau notified JDP of its continuing interest in the project. UNIDO decided that no further project activities could be pursued. The project was stopped in September 1991.