

Chapter 5

Conclusion

In previous chapter, we had tried to analyse Thailand's export performance and instability of rice and rubber, which were main agricultural products that Thailand had exports during the period of investigation. Although the results of competitive effect were mostly negative, there was no reason to be discouraged since Thailand was still the world largest exporter of rice and rubber with positive growth in the general rise of quantity. To maintain the position of the world largest exporter, Thailand had to improve its competitiveness on rice and rubber exports.

Concluding Observation

In this study we analysed the performance of Thai rice and rubber export by Revised CMS model and tried to examine the export instability of these commodities by the deviation from exponential least-square trend line during 1986-1990 and 1991-1995. The purpose was to find whether Thailand had enough potentiality to compete with the other exporters in the world market to maintain the leading position. Furthermore, tried to find what is the determination factors of Thai rice and rubber export competitiveness.

The empirical results showed that rice and rubber exports were in the same direction, since there was a high growth in demand for these commodities. However, the market distribution growth of both commodities had negative growth in both period 1 and period 2. Thus, it implied that Thailand focused on the market with relatively sluggish growth. Moreover, the results of negative competitive growth suggested that Thailand had no ability to compete effectively with the other competitors both in case of rice and rubber exports.

The regression analysis showed that the determination factors of the export competitiveness residual were significance only in the case of rice export. The rubber export's competitiveness residual analyses in period 1 were more significant than period 2. The reason should be that in period 1 Thailand and the competitors, namely Indonesia and Malaysia had exported the rubber in the same category (rubber smoked sheets), while in period 2 Indonesia and Malaysia concentrated their export more on block rubber.

Supply availability highly influenced the competitiveness of the rice export performance. The policy recommended in the study was that Thailand had to improve the productivity and technology for the production and transformation process of rubber. In addition, it should aim for the market of high quality rice and should try to capture other markets for all additional demand, rather than stick with the old slow-growth

markets. Government should give a full support to the exporter by facilitating the exporting process, and quarantine the ability to trading of Thai exporters, for instance. Information was also an important indicator for the performance evaluation. Therefore, data collection system should be improved in such a way that the reliable information could be easily accessed and analysed to achieve the performance improvement.

In the case of rubber export, even if the regression results were insignificant, we could see from the results that demand side variable is the major sources of export uncompetitiveness. Thus, although supply availability was the determination of rubber competitiveness residual this supply side variable could not cause more competitiveness for the rubber export.

The real problem of Thai rubber export was the price instability and demand fluctuations. To reduce the impact and risk of demand fluctuation on Thai rubber export, the scheme of buffer stock principle should be used. The relate organisation should try to establish the forward market for rubber. Furthermore, Thailand should promote natural rubber production and should expand their market to capture all additional demand. Several ways should be applied for the growth of the production. For instance, area-planting expansion, promotion of more high-yielding trees and the improvement of the production process. Finally, as the case of rice exports, government should try to access new market, provide effective

information, and reduce costs of transaction of trading activity in rubber export.

Reservation and Reference for Further Study

The limitation of this study was the data used for the calculation. The data of rice and rubber used in this study should be more specific, since rice and rubber could be categorised. This study was the time series model, so the expansion of the study period would provide a more complete analysis and would also improve the estimated coefficients as well. The third limitation was the scope of analysis, if the projection of demand and supply of Thai rice and rubber was included in this study the analysis would be more complicated. Moreover, we should look closer in the performance of Thai export in each major market and the projection of demand from each market.