

CHAPTER 5

CONCLUSIONS, RECOMMENDATIONS AND SUGGESTIONS, FUTURE RESEARCH

5.1 Conclusions

This study aims to investigate the situation of rice production in Cambodia, estimate and forecast rice production in Cambodia and evaluate the contribution of rice production and export to economic growth. The rice industry in Cambodia is the key topic that need to be debated. Rice is the staple food for Cambodian people and immensely significant to the economic growth in Cambodia. In 2012, 85 percent of Cambodia's cultivated land was accounted for rice production. Presently, agricultural is considered to be the second largest sector of the Cambodian economy, accounting for 36 percent of real gross domestic product (GDP), and the industry sector has contributed 24 percent and the service sector 40 percent based on World Bank statistics. Rice is the most fundamental crop in term of production in Cambodia. It also creates jobs for populations essentially who live in these remote areas and rice farming is often the only source of income for these people. Therefore, it is clear that the Cambodian government needs to work closely with farmer households in order to improve the productivity of the rice sector. As noticed throughout the study, rice yields growth rate of wet season rice and dry season rice remain slow, approximately 2.56 percent and 2.75 percent respectively. This is essentially crucial when comparing at the poverty reduction. According to the results of the study on rice production, the enhancement of rice productivity clearly relies on the improvement of seed quantity, machinery use, harvested area, fertilizers and increased access to an irrigation system in order to achieve rice export 1 million ton in 2015. As a matter of fact, access to high quality seed and inputs are very limited among famer households, lack of research and development institutions to improve efficiency of rice production and markets' information in Cambodia become major constraints for farmers.

Diamond model is conducted in order to investigate the rice situation in Cambodia. The result reveal that huge potential for Cambodian rice production expansion when comparing with neighboring countries (Thailand and Vietnam) and Cambodian farmers can response to high prices and productivities by increasing their use of inputs such as fertilizers, irrigation system, harvested area and machineries.

With the increase in per capita rice production over time, Cambodia had moved from rice deficit to surplus since 2001 and emerged as an exporter again in 2002. The private sector played an important role in promoting rice export, especially firms that have a well-recognized potential for pure, high quality of local fragrant rice such as Somaly and Neang Malis, and have improved the private means, through varietal selection, private extension service, and development of marketing strategy. The rise in rice production pushed economic growth and created new opportunities to become a fundamental exporting country.

Future rice forecasting has facilitated to farm households and government setting plan for future rice production and designing policy implications to stimulate economic growth through rice sector. As being said as well as for import, therefore forecasting of rice production is a necessity and very crucial for planning purposes, and import and export policies of rice based on forecasting. Cambodian government has set the year 2015 as the target year to accomplish 1 million tonne of milled rice export. In order to achieve this vision the government has created policy implications to promote rice production and export of milled rice.

5.2 Recommendations and Suggestions

The study is very significant implications for discussion on the factors that impact on rice production and how to promote Cambodian economic growth based on rice export and increase rice productivity through additional investments to enhance inputs (fertilizers, seeds, irrigation and machinery). Precisely, Cambodia should focus on the agricultural sector especially, rice production in order to assist and raise standard of living for poor people in rural areas. As the majority of Cambodian people are living in the rural area and relying on

agricultural products, the enhancement of rice production will be able to increase rice productivity, the income of poor farm households, and rice export.

To assist poor farmers and improve food security, the Cambodian government should put more effort on improving agricultural sector essentially rice production, focusing on three major areas. Firstly, it is possible for government to invest in new technologies (seeds, irrigation) and make them available to farm households. Both remote infrastructure and public services such as roads, electricity, education, telecommunications, health, and markets should be promoted by government. Given the high quality of seeds that could raise rice yield and rice export when appropriate policies are implemented.

Secondly, Cambodian government should consider on the improvement of new technology for rural area famers. Poor road and market conditions become an obstacle for local rice producers shipping products to capital city and other regional markets. More investment in public services and infrastructure could help farm households to reach the latest rice market information and ship their products with lower cost to markets.

Thirdly, the results indicated that rice export and real GDP in Cambodia had a negative and significant. This is mainly due to the fact that rice production is mostly grew by individual families with low incomes and lack of modern technology. Most of Cambodian farm households use traditional technique for growing rice and lack of financial support to maintain the quality of rice. Due to instability of rice market and shortage of modern rice miller in Cambodia, farm households mostly sell their product to the countries nearby such as Thailand, Vietnam, and China. Therefore, the small scale of rice output with low quality impacts the price provided at the international market since the price of rice depends on the quality and productivity. As a policy, Cambodian government should encourage local and foreign investors to invest in rice millers and warehouses in order to improve the quality of rice production and productivity to reach standard of world market. The government should provide the financial support for poor farmers and establish the rice research institutions in order to provide the opportunities to students and rice researchers can share their knowledge and experiences. Also the Cambodian government should find oversea market for rice

farmers and encourage them to cultivate their land for rice three times a year by providing irrigation system, modern techniques, financial support, and transportation.

5.3 Future Research

Our current studies only focuses on the factors of inputs the impact rice production has on economic growth, and all that it has to contribute to this growth. Cambodian rice situation in Cambodia when comparing with Thailand and Vietnam and its contributions to economic growth in Cambodia. Future studies need to take into consideration the technical efficiency analysis of rice production and identify the main determinants of technical efficiency of farm households in Cambodia. If possible further researchers on rice production should use stochastic frontier analysis method to analyze the Cobb-Douglas production function. Presently, the Cambodian government has paid attention to the promotion of rice yield and ignored need to improve rice quality to increase Cambodia's rice competitiveness. This study has just briefly provided comparison between Cambodia and neighboring countries (Thailand, Vietnam) based on the Diamond Model. More research needs to pay close attention to the comparative advantages of Cambodian rice production and improve the quality of rice production in order to alleviate import high quality rice and fetch high prices in the international market.

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