



Editorial

Efficiencies in Trade, Services and Converting Garbage

Policy research or policy-oriented research usually goes through many filters before they are taken up into national decision-making. Probably the most important filter is political considerations and, as Andrew Schmitz pointedly writes (*Agriculture Policies in the Next Decade: A Global Perspective*), the agenda of lobby groups representing commodity producers and traders. Many countries either tax agriculture or provide subsidies through trade and agricultural policies. Schmitz describes the historical developments in the United States, European Union, Canada, China, India, and Thailand, which generally subsidize agriculture although the level of subsidies has decreased because of the significant rise in commodity prices. He notes that while progress has been made in lowering tariff and non-tariff barriers around the world with positive outcomes, the future progress in this area is questionable as evidenced by the Doha Round trade talks. Policy makers are now grappling with how to deal with price instability, uncertainty, and rising food prices.

Does volatility in rubber price reflect the inefficiency of futures trading as a hedging tool as well as the inefficiency of the Agricultural Futures Exchange of Thailand itself? The findings of Tarntip Boonkomrat and Kanokwan Chancharoenchai give an indication that the AFET could be a moderately strong efficiency form of price. They suggest that efficiency could be increased by the effective dissemination of knowledge and information to guide the decisions of investors and recommend that the agricultural price risk should be managed through market-based tools.

The study by Samin Much *et al.* examined the factors that influence rubber farmers' decisions to expand, replant, or introduce technical improvements in the plantations. By applying partial adjustment and adaptive expectation mechanism to analyze the supply response of natural rubber in Cambodia, they found that the most positive influence on the supply was rubber prices. Supply was found to negatively respond to prices of alternative crops. Rubber supply with respect to its own price was inelastic in the short run and elastic in the long run. Farmers tend to adjust their production planning in the long run more frequently than in the short run.

From commodities to services, Akarapong Untong *et al.* studied the operational efficiencies and technology gaps in the hotel and guesthouse business in Thailand. Their sample consists of 1,799 hotels and guesthouses. They found that the international chain or foreign investment hotels had the highest efficiency scores and motels the lowest efficiency

scores. They suggest applying different policies and technologies to improve operational efficiencies in the hotel and guesthouse businesses. Sharing and transferring operational knowledge within the group and among the groups would help develop the operational technologies and increase the efficiencies of the whole industry.

Finally, on the economics of converting rubbish to energy, a feasibility study by Krittaphas Mongkoldhumrongkul and Papita Thanarak of Bangkok's solid waste utilization projects, i.e. electricity generation from sanitary landfill technology and crude oil production with pyrolysis technology provides useful guides for investment decisions. They assessed the financial and economic feasibilities of the projects over a 15-year period from 2007-2021. They found that the amount of solid waste in year 2021 would reach 12,212.48 tons/day compared to 8,820 tons/day in 2007; this would be sufficient for processing. Using solid waste for electricity generation and crude oil production are a potential alternative for a long-term investment by government, but private investors would find it more viable using rubbish to produce crude oil rather than to generate electricity.