

Phannika Kongjuk 2010: The Relationship between Natural Gas Consumption and Economic Growth in Thailand. Master of Economics, Major Field: Economics, Department of Economics. Thesis Advisor: Miss Wuthiya Saraithong, Ph.D. 125 pages.

The objective of this study is to analyze the relationship between natural gas consumption and economic growth in Thailand by using annual secondary data over the period of 1986-2009 to conduct both descriptive and qualitative analysis. The natural gas consumption and economic growth relationship is analyzed by using Granger's Causality Test and Cointegration Test.

The result of this study shows that natural gas is used as fuel for generating electricity. It is also used as fuel in the industrial sector and in the transportation sector as well. The causality study shows the uni-directional relationship, that is, economic growth influences the increase in natural gas consumption, whereas natural gas consumption does not influence economic growth. Moreover, these tests support a positive long-run cointegrate relationship between natural gas consumption, economic growth and electricity demand with the coefficients of 3.370791 and 76.84335 respectively. However, the result implies that economic growth is a fundamental drive for energy demand, which is consistent with the theory of demand.

Therefore, it is necessary for the government to consider the economic growth target as well as natural gas demand when planning a policy on the management of natural gas for domestic use to avoid any damages on economic development.

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