

Nisara Khemthong 2009: The Effects of Japan-Thailand Economic Partnership Agreement (JTEPA) on the Hot Rolled Flat Steel Industry of Thailand: A Case Study of the Sahaviriya Steel Industry Public Company Limited. Master of Economics (Business Economics),
Major Field: Business Economics, Department of Economics.
Thesis Advisor: Associate Professor Supriya Kuandachakupt. Ph.D. 193 pages

The objectives of this study were to study the effect of the Japan-Thailand Economic Partnership Agreement (JTEPA) on the Hot Rolled Flat Steel Industry of Thailand and on the Sahaviriya Steel Industry Public Company Limited (SSI) in order to maintain their competitive advantages by analysis in two parts which consisted of (1) Market Structure by using the Herfindahl Index (HHI) to measure the industrial concentration and (2) Market Performance to appraise competitive advantages in two levels which were the industrial level by using the Diamond Model and the company level by using the Economic Value Added (EVA) before and after JTEPA.

As the results, Thailand had balance of trade deficits with Japan, especially to the Steel, that corresponded to the projects which of the Japanese investors filed the petitions to gain the investment facilities. For two reasons, the Iron and Steel Industry of Thailand did not have the Primary Steel Industry and the government tried to urge the Automobile Industry to the Global Market, it made the Hot Rolled Flat Steel were considered to reduce the rate of import tax under JTEPA.

As the industrial results, before and after JTEPA, the Hot Rolled Flat Steel Industry of Thailand's HHI estimated at 0.3. It indicated that the Market Structure were in the Oligopoly and did not change. SSI was the largest firm. According to the Diamond Model's factors analysis, the Thailand Steel Industry had the competitive advantages less than the Japan one so that the Japanese producers had better supported and were able to produce higher quality but lower price products to compete in the market. Thus, the Hot Rolled Flat Steel Industry of Thailand will lose its competitive advantages.

As the company results, before and after JTEPA, SSI's EVA had the negative value and tended to had less decrease. It showed that the company had the economic loss since its Net Operating Profit after Taxes (NOPAT) could make up to some parts of Capital Charges and tended to make up more but not for all. Since the most of fund which came from the shareholders were affected by the economic factors, thus, SSI will not lose its competitive advantages.

Student's signature

Thesis Advisor's signature

____ / ____ / ____