

Danupol Viriyanont 2009: Impacts of Real Exchange Rate on Competitiveness in Industries Sector of Thailand. Master of Economics, Major Field: Economics, Department of Economics. Thesis Advisor: Associate Professor Chiraphan Kuladilok, M.Econ. 96 pages.

The main objective of this research is to examine the impact of real effective exchange rate volatility and its relationship with export industries, including the speed of adjustment to the equilibrium in term of three main industries; computer and computer parts, passenger cars and parts of passenger car, integrated circuit. This research used the secondary data, monthly time series type by means of regression analysis in term of ordinary least square with co-integration and error collection method. The period of collecting data is starting from January 2003 to October 2007.

The results from error collection method show that the Long-term equilibrium relationship is existed and its relationship are significant at level 0.01. However, real exchange rate volatility influences the total value of exports only in the shot run with nominal effects. Eventually, the value of exports will automatically adjust itself in long run. Anyway, Thailand still gains competitive advantage against the competitors in a particular industry.

The finding results show that if the policy maker confronts the real exchange rate volatility, the policy makers should be introduced the policy to cope its effect on competitiveness in industries, especially in the short run. After that the process of competitiveness in industries will automatically reinforces itself. In the long-run, the policy maker should concerns about the way to improving the market knowledge, skills and ability of industry sector to flight against rival into the word of market.

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Thesis Advisor's signature

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