ABSTRACT

Thesis Tittle   : An Analysis of Demand for Raw Cotton Import of Thailand

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The purpose of this study is to analyze the economic factors determining raw cotton import demand of Thailand and also study the adjustment of raw cotton import demand with time lags. We employ four models to analyze raw cotton import demand: the static model, the adaptive expectation model, partial adjustment model and combine geometric lag model. This study is used yearly secondary data from 2510 to 2539.

We use ordinary least squares(OLS) to determine economic factors with relative prices of import and domestic prices and real national income.

For the static model, the elasticity of relative prices is −0.44 with 95 percent significant level and the elasticity of real income is 1.28 with 99 percent significant level. They mean that relative prices increases 1 percent and the quantity of import demand decreases 0.44 percent. Also, if real income increases 1 percent, it makes quantity of import demand increases 1.28 percent.

The importers of raw cotton of adaptive expectation model can expect raw cotton import price rather correct. The time lag of adjustment is less. The elasticity of relative prices is -0.66 with 95 percent significant level and the elasticity of real income is 1.17 with 99 percent significant level. Then, if relative prices increases 1 percent, the raw cotton import demand decreases 0.66 percent. Also, if real income increases 1 percent, it makes quantity of import demand increases 1.17 percent.

For the partial adjustment model, the importers can adjust actual quantity of import to optimum quantity rather quickly. This result is less time lag of adjustment. The elasticity of relative prices is −0.62 with 95 percent significant level and the elasticity of real income is 1.17 with 99 percent significant level. They mean that relative prices increases 1 percent and the quantity of import demand decreases 0.62 percent. Also, if real income increases 1 percent, it makes quantity of import demand increases 1.17 percent.

The importers of raw cotton of combine geometric lag model can expect import price of raw cotton rather correct and can adjust actual quantity of import to optimum quantity rather quickly. The time lag of adjustment is less. The elasticity of relative prices is −0.79 with 95 percent significant level and the elasticity of real income is 1.04 with 99 percent significant level. Then, if relative prices increases 1 percent, the raw cotton import demand decreases 0.79 percent. Also, if real income increases 1 percent, it makes quantity of import demand increases 1.04 percent.