

## ABSTRACT

Thesis Title : The Determinants of Thai Gem Export Supply

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Thailand has facing the serious problems of unemployment and trade deficit for a long time. Gemstone Industry, which is highly labour intensive, can rapidly become a major source of foreign exchange of Thailand. This study aims at analysis the factors determinant to the export growth of the gemstone industry by compairing statistic data between Thailand and the major importing countries, namely, U.S.A, Japan and Belgium..

The Revealed Comparative Advantage Index (RCA) is firstly employed to indicate Thailand's advantage in this commodity. And the complementarity Index is calculated by using RCA in order to study are well-matching the export structure of Thailand and the import structure of importing countries.

The next step is to test the determination of bilateral trade flows between Thailand and the major importing countries. For this purpose, we adopt the "Gravity Model" which explains the bilateral trade between two countries in terms of their GDPs and the distance between them. The complementarity Index is also employed as one of the factors. All statistic data using in this study were adjusted to be US dollars by exchange rate of each years.

It is found that the RCA of Thailand in the gemstone trade has been increasing, which can indicate that Thailand has becoming more competitive in this kind of trade. The Complementarity Index in the gemstone trade is related to Thailand's trade performance. Thus, with export to the growing demand of gemstone countries, the Thai share in these market has also been increasing.

By analysis the Complementarity Index, it is found that Thailand has complementary with Belgium, U.S.A. and Japan respectively. Although the Complementarity Index is relatively small by below unity, but it can be observed that the level of complementarity in all countries tended to increase rapidly, meaning that Thailand has strengthen complementarity with Belgium, U.S.A. and Japan.

With the result of estimation by OLS, it is found that there is positive relationships between export value and the size of income level of Thailand, U.S.A, Japan and Belgium. Gemstone is one of luxury goods, the result of this study reinforces the fact that the market for this type of commodity should be high income level countries.

The distance between Thailand and major importing countries has a negative impact on Thailand's export of gemstone to Japan only. But distance has no impact on export of gemstone to U.S.A. and Belgium.

The estimated coefficients for Complementarity Index remained positive and statistically significant for all countries. This result provides evidence on the casual effect of comparative advantage on exports and suggests that exports would be affected not only by size of income level of trading countries, but also by structure matching between the export supply and import demand. This also reflects the specialization in gemstone industry as Thailand has domestic sources of rough gemstone and craftsmanship.