

ABSTRACT

Thesis Title : Comparative Advantage & The Protection Of Thai Ceramics

Industry

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The main objective of this thesis is to study the protection rate/scale for ceramic industry in Thailand. Scope of the study is limited to the following two ceramic products: ceramic tile and Sanitary ware. Protection rate/scale of these products is identified by the nominal rate of production (NRP) and the effective rate of protection (ERP). The NRP is calculated using the taxation approach as well as the price comparison whereas the ERP using the Corden concept. The domestic resource cost (DRC) based on the data of the year 1993 and 1996 is applied in order to determine comparative advantages.

The result shows that, for the case of export, NRP_s of both products during the year 1993 and 1996 are zero regardless of which approach to be used the taxation and the price comparison. This implies that ceramic tile and sanitary ware received no protection at all from the government.

In case of import substitution, the result shows that NRP_s of ceramic tile and sanitary ware under the taxation approach were 80% and 55% respectively for both periods, the year 1993 and 1996. But, under the price comparison, the figures of ceramic tile were 74% and 51% for the year 1993 and 1996 while of sanitary ware 59% and 47%. Regardless of the approach used, the findings identified that NRP_s of the ceramic tile were the highest rate and both products received protection from the government.

With regard to the ERP based on the Corden concept, the figures, in case of export, of the year 1993 and 1996 for ceramic tile were -0.19 and -0.33 while for sanitary ware -0.14 and -0.16. This implies that domestic production was less competitive. The value added based on the world price was higher than that based on the domestic price.

As for the case of import substitution, the ERP_s of the year 1993 and 1996 for ceramic tile were -0.73 and -0.73 whereas for sanitary ware -0.61 and -0.57. This means that both products received very high protection from the government. The finding is consistent with the case employing NRP.

In terms of DRC, the figures of the year 1993 and 1996 for ceramic tile were 0.79 and 0.65 while for sanitary ware 0.85 and 0.83. All the DRC_s displayed the value of less than one which means that both industries gained the comparative advantage on production and, thus, should be promoted to be export-oriented.