

Ravadee Chaisongkram 2014: The Effect of the ASEAN – China Free Trade Area on Consumer Surplus of Thailand and China. Master of Economics, Major Field: Economics, Department of Economics. Thesis Advisor: Assistant Professor Supanee Harnphattananusorn, Ph.D. 138 pages.

The objective of the research is to estimate price and income elasticity of import demand for evaluating the effect of the ASEAN – China Free Trade Area on consumer surplus associated with selected import demand function of Thailand and China. The sample commodities are synthetic rubber and electrical machinery industries. As Thailand and China made agreement on accelerated tariff elimination in agricultural products, the researcher also studied on vegetable and fruit commodities accordingly.

The study on the price and income elasticity of import demand was estimated by Three Stage Least Square and uses Nicholls (1998) to evaluate consumer surplus. This study is based on quarterly data during the first quarter of 2000 to the third quarter of 2011.

The empirical result shows the magnitude of price elasticity of demand defining that the quantity demand will increase when the price decreases. Meanwhile, the magnitude of income elasticity of demand is defined showing the quantity demand and income parallelly increase. Therefore, it can be inferred from the result that all of the chosen goods is a normal good. After integration, the effect of the ASEAN-China Free Trade Area on consumer surplus of Thailand suggests that fruits gain while synthetic rubber, electrical machinery industries and vegetables lose. In case of consumer surplus of China, similarly, fruits gain while synthetic rubber, electrical machinery industries and vegetables lose.

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Thesis Advisor's signature