

Thesis Title	The Impacts of Free Trade on the Sugar and Sugar Cane Industry in Thailand	
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ABSTRACT

The purposes of the thesis entitled the impacts of free trade on the sugar and sugar cane industry in Thailand are as follow : Firstly, to explore the structure of Thai sugar and sugar cane industry, including its advantage and disadvantage in comparison with its competitors in the global market. Secondly, to study the impacts of short-term reduction in market intervention after implementing Uruguay Round GATT Agreement on sugar industry and its impacts if Thai government embraces Free Trade policy. Thirdly, to find out the appropriate measures for sugar industry to adjust itself conforming to the global sugar industry changes. This study tries to descriptive statistic for explaining the structure of Thai sugar and sugar cane industry. Moreover, the quantitative method was also used as an analytical tool by constructing an econometric model to explain a domestic sugar demand, a price of sugar cane, a domestic sugar supply, and an export raw sugar supply.

The study results of domestic sugar market found that the elasticity of the domestic sugar production with respect to sugar cane price was -0.0088. The demand price elasticity of the domestic sugar production was -0.39. Therefore the estimated supply and demand price elasticity were found less than one, which indicated that both of them were inelasticity. The study results of impacts on national welfare of consumers and producers were separated into three phases. The first phase focused on the period during 1979 – 1982 when the policy of stabilization of sugar

price was not implemented. The second phase focused on the period during 1983–1994 when the aforementioned policy was taken into account and action. The last phase covered the period of 1995–2000 when the GATT Agreement demanded short-term reduction in market intervention. The study results showed that from consumer's viewpoint, the consumers have been losing their benefits during the entire 3 time periods, especially in the second phase. However, in the last phase the consumer lost their benefit less than the other phases, which implies that short-term reduction of market intervention is beneficial for the domestic sugar consumers. On the contrary, sugar producers have had better benefits during the entire 3 time periods, but in the first phase and the last phase the producers gain their benefit less than the second one. This study indicated that in a short term basis the reduction of market intervention does not improve the benefits for domestic sugar producers. The study results of the impacts on welfare found that the impact on national welfare have always been increasing. This implies that the reduction of market intervention and stabilize domestic price resulted in overall improvement in the sugar and sugar cane industry.

An increasing one percent of world sugar price during 2001 – 2003 under Thai national policy that focused on stabilizing domestic sugar price and floating price in line with the world market found that consumers loss their benefit meanwhile, the producers would be the gainer. Moreover, if the government try to float domestic sugar price in line with world price, the consumers will loss their benefit more than the application of the stabilization price policy. On the contrary, the producers will gain benefit in the latter case more than the first case. The overall results found that Thailand obtained the benefit in period during 2001-2003 more than the duration between 1995-2000. This result implied that the reduction of global market intervention would lead to better outcome for Thai sugar and sugar cane industry.

Policy recommendations from this study are as follows. Firstly, in short-term, the government should not try to float domestic sugar price in line with the world sugar price in order to protect the domestic consumers benefit. Furthermore, the government should advise the domestic producers to increase their production and transportation efficiency in order to prepare themselves for the free trade regime. Finally, if all countries reduce the distortion in the world sugar market, sugar producers will be gain more advantage even the government stabilizes the domestic sugar price or not. Therefore, in long-term, the government should promote domestic producers to increase in their sugar and sugar cane production. Moreover, try to keep its major

trade partners and seek for more new trade partner, especially the trade partners in Asia by utilizing lower pricing and geographical advantages.

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