



Determinant of Capability Competition on Border Trade between Thai-Burma in Maesot Thailand

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Abstract

This paper empirically investigates the determinants of capability competition in Thai-Burma border trade at Maesot, Thailand. The study deals with trade patterns, border trade composition and successful factors in developing capability for border trade, including ascertaining specific problems. Results indicate that trade pattern has changed from basic and low value added products to complex and more value added products. Several competitive advantage factors have been explained such as quality of export products, transportation system and distribution centre. Results also indicate serious problems of border trade e.g. instability in domestic politics in Burma, unclear policies of Thai's border trade, the restriction of export-import products regulation.

Keywords: Determinant, capability competition, border trade, Thai-Burma, Maesot

Introduction

In the last decade, border trade has played an important role for Thailand as a major source of income from trade, leading to increased stocks of foreign currency and investment. Moreover, the border trade has directly impacted provincial and regional economies by promoting a close relationship between those regions focused on the interdependence. The border trade also entails lower transportation costs than that with international trading countries such as the United States of America and Japan (Department of Foreign Trade, 2006a).

Among those countries included in border trade between Thailand and her neighbors Burma has been of more interest than other Thai neighbours e.g. Lao and Cambodia because the border trade with Burma has increased more quickly, reaching 47.5 thousand million baht per year during 2001-2006. This amount can be divided into exports valued around 8.9 thousand million baht and imports valued around 38.6 thousand million baht (Bank of Thailand, 2005). Maesot Gate has the highest value of exports amounting for 42.9% of exports of nine gates on the Thai border. This is followed by the value from Ranong Gate at about 39.3%, and Sangkaburi in Kanchanaburi Province (2.9%)-The value of imports at Sangkaburi Gate has the highest value of natural gas followed by Maesot Gate (2.3%).(Department of Foreign Trade, 2006b).

Maesot Gate is a permanent gate for people to cross the border between Thailand and Burma. It is located on Mueay River, Tak Province, which divides the two countries by its natural border: water. The countries are also separated by a bridge named "The Thai-Burma Relationship's Bridge". The bridge crosses over the border and connects Maesot with Meawadee in Burma. The area of

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Measot Gate is about 535 km long to the west of Burma and it is a permission gate for exporting and importing for both countries. The value of trade accounted for by the Custom Department at Maesot during 2003-2006 averaged 4-5 billion baht a year (3-4 hundred million baht/month). Export values increased from 13 thousand million in 2003 to 12.5 thousand million baht in 2005. As a consequence, Thailand's border trade growth reached a historic record of around 14.6 thousand million baht during early 2004 and the share of exports in total trade increased from 1.3 thousand million baht in 1993 to 14.0 in 2004, slightly decreased to 12.5 by 2005. Total trade increased from 1.4 billion baht in 1993 to 14.6 billion baht in 2004. In 2005, Thailand's total trade decreased to 13.2 billion baht (see Figure 1) (Measot Custom Department, 2006).

This paper sets out to test the determinants of capability competition in border trade between Thai-Burma in Maesot Gate, including trade patterns, border trade composition and successful factors in developing border trade capabilities, as well as in ascertaining specific problems. The analyses will throw some light on whether the trade patterns dominate irrespective of border trade, or whether they have been shaped and changed by the emergence of border trade.

A Theoretical Framework

The concept of border trade competency has depended on two main factors: macroeconomic factors and microeconomic factors. (Krugman & Obsfield, 2000).

1. Macroeconomic reform has played an important role for owners to understand a wide view of their environment and create opportunities for productivity, stability and confidence. Successful economic development is a process of successive economic upgrading, in which the business environment in a nation evolves to support and encourage increasingly sophisticated ways of competing. Productivity growth allows economic growth and rising incomes without inflation, making macroeconomic stability easier to achieve.

Macroeconomic factors in this study consist of 4 factors, called the "PEST" model where 'P' stands for Political, 'E' stands for Economic, 'S' stands for Social and 'T' stands for Technology. The Political factor includes both domestic and world political with special focus on Thai-Burma political policy, law and regulation on border trade. Economic factors will focus on the characteristics of the border trade system, transportation costs, distribution center to Burma, value of export and import, fiscal policy (especially tariff and tax policy) including import and export price when compared with other countries. Social contexts such as social welfare, public policy, environment issues and crime create the potential for competitiveness. The Technology factor including e-custom, logistic, distribution center, appropriate technology for production, distribution and trade will be focused

2. Microeconomic reform is required to achieve productivity. At the industry level change enhances the ability of a corporation to compare with others in those industries. The index of microeconomic successful is benefit, balance of trade, industrial price, and quality of goods and



service. To achieve productivity and growth, four determinants of microeconomic reform are considered as followed:

1) Factor (input) condition or factor endowments such as human resources, capital resources, physical infrastructure, administrative infrastructure, information infrastructure, scientific and technological infrastructure, and natural resources have been considered in this study. The condition of reform factors can be increased growth and productivity. If an industry or firm obtains high quality, specialized inputs it will gain more productivity and growth.

2) Firm strategy and rivalry factors such as a local context and rules e.g. intellectual property protection, tax and tariff reduction, industrial promotion etc. encouraged investment and sustained upgrading and incentive systems across all major institutions. These factors are important for open and vigorous competition among locally based rivals, Industry or firm which presents of good strategy will gain more productivity and growth.

3) Demand conditions of local customers have been sophisticated and more demanding. However, unusual local demand in specialized segments can be served both nationally and globally. Knowledge of customers' demand very well will enable industry to gain more productivity and growth.

4) Related and supporting industry factors determine access to capable locally based suppliers and firms in related fields and presence of clusters instead of isolated industries can gain more success at productivity and growth.

Materials and Methods

This study will determine the importance of capability competition factors for border trade in 4 steps as followed (see Table 1).

Step 1 is to investigate the potentials of Thai border trade by using SWOT analysis, where 'S' stands for Strength. 'W' stands for Weakness 'O' stands for Opportunity and 'T' stands for Threats. All data in this step has been derived from secondary sources compiled by local offices²

Step 2 is an overview of macroeconomic factors which emphasize the pattern of border trade, value of exports and imports between Burma and Thailand (Tak Commerce Chamber, 2006a) using data from the Department of Foreign Trade and Measot Custom Department over the period 2001-2005. For finding which products have advantaged competition the study is described by revealed comparative advantage (RCA) index using the formula below.

² such as Tak Provincial Office, Tak Commerce Chamber, Tak Industrial Council, Tak Labour Office, Department of Foreign Trade, Measot Custom Department, Measot Higher Education Center, National Economic and Social Development Board, Bank of Thailand and etc.



$$RCA_i = \frac{X_{i,T} / \sum X_T}{X_{i,W} / \sum X_W} \dots\dots\dots(1)$$

Where RCA_i = revealed comparative advantage for goods i

$X_{i,T}$ = exports of goods i by Thailand

$\sum X_T$ = total exports by Thailand

$X_{i,W}$ = world export of goods i

$\sum X_W$ = total world exports

This study examines the RCA by using 99 products, chided on the basis of the United Nations 2-digit standard international trade classification (SITC). The examination has analyzed the data for Thailand's exporting to Burma and importing from Burma over the period 2001-2005. The RCA index can be explained as follows: if $RCA_i > 1$, then Thailand has a comparative advantage in goods i . On the other hand, if $RCA_i < 1$, then Thailand has a comparative disadvantage in goods i

Step 3 is to determine the determinants of capability competitive factors by using a survey of 50 opinions of exporters and importers in Measot. The questions have been selected in seven factors which take for advantage factors on border trade from previous research (Kanta, 2005). The advantage factors include border trade system, quality of products, politics in Burma on border trade, transportation service, lower cost of transportation, distribution centre to Burma, and the trust of the transaction system have been tested. Then, the study will find out which factors determine the capability of competition by using the statistics, mean ($\bar{X}$) and standard deviation (SD).

$$\bar{X} = \frac{\sum_{i=1}^n X_i}{n} \dots\dots\dots(2)$$

where $\bar{X}$ = mean , X_i =factors i , n = sample

$$S.D. = \sqrt{\sum_{i=1}^n (X_i - \bar{X})^2 / (n-1)} \dots\dots\dots(3)$$

Where S.D.= Standard deviation, $\bar{X}$ = mean , X_i =factors i , n = sample

Step 4 is to determine the key success of capability competition on border trade by evaluating the 4-year action plan. The study focuses on 10 projects of Tak 4- year Action Plans (Tak Provincial Office, 2006) (see Figure 2) as: project of creating environment for business, supporting aggressive exports, inducing domestic and foreign investment, supporting strong in regional economy, developing



human resources, supporting the potential of management fundamental service, creating knowledge environment, understanding community cooperative, expanding value of international and border trade base and creating value added to export products. To evaluate which projects have an impact to key success of capability competition on border trade, the study has selected at least 20 chief/head executive officers (CEO) who are involved with border trade departments in Maesot, such as the head of commerce department, the head of industrial department, the head of transportation department, the president of chamber of commerce, the provincial governor, the chief of custom department, the head of labor department, etc. The study collects in depth interview answers, then tests these answers and finds out which factors are the keys to successful capability competition on border trade by using statistic of mean ($\bar{X}$) and standard deviation (SD) as above formula (see step 3).

Results and Discussion

To determine the potentials of Thai border trade on the basis of strengths and weaknesses this study used SWOT analysis and observed the level of internal potential existing at Measot border trade. The results of strength analysis found that:

1) Measot has an advantage in geography because it is located at the extreme west of Thailand, the so called gate way (corridor) to Burma which connects to the South Asian Continent, countries such as China, India and Bangladesh and provides the potential to increase Thai trade. Burma has a population of more than 45.5 million people which could be a big market for Thailand in the future. The transportation costs are lower than for trade with other countries in America or Europe. Measot has convenient transportation e.g. 447 km from the main port of Yangon (capital of Burma), 165 km from the Port of Malamyine (Map Division, 2006; Transportation Institute Chulalongkorn University, 2006).

Moreover, this gateway is open to the West and connected to the East via Sukhothai and Phitsanulok Province and further East at Danang in Vietnam, which is called "the East –West Corridor" route. In addition, Phitsanulok Province is located at the junction with Indochina which is connected to China in the North and to the rest of the country in the South of Bangkok. Therefore, Phitsanulok Province is located in a good location connecting the East, the West, the North and the South. This means that it can gain greater market access for its exports (See Figure 3) (Phitsanulok Provincial Officer, 2002; Measot Higher Education Centre, 2006).

2) Measot has an advantage in natural resources. It has more than 40 places of natural beauty resources which can be developed for ecotourism and increase income for Measot (Tak Provincial Office, 2006).

3) Measot has an advantage in cheap labour both permanent and casual workers, which has migrated from Burma, because of convenience to the border. Labour department's statistics show that Tak Province has alien labour registered in 2006 of about 112,970 people. Thailand's demand for alien labour is about 96,847 people. Measot Province only needs alien labour of around 75,504 people. The



over supply of alien labour in Measot can induce domestic and foreign investors to move their production base to Maesot to reduce transportation casts (Tak Labour Office, 2006).

4) Measot has an advantage in agriculture. Measot is an important site of economic agricultural crops e.g. maize, rice, banana, rose, green bean and yellow bean etc. The value of bananas is around 135 million baht/year, whereas the value of maize is about 1,876 million baht/year. These agricultural crops can be raw material for the food industry of Thailand especially in Measot. Also, Measot has a lot of natural resources such as granite (Tak Labour Office, 2006).

5) Measot has more convenience for money exchange system than Burma's because Thai currency has a more standard money exchange system than Burma's currency. An exporter can take a longer term credit, The payment trading system is accepted in baht currency or yacht currency. This makes the money system more flexible for exporters (Bank of Thailand, 2005).

The results of weakness analysis show that:

1) Measot has to import labour from Burma and it can create social problems such as accommodation, deposal of waste, infrastructure, hygiene problems and crime.

2) Measot has a lot of unskilled Thai labour, In 2004 around 5,650 people from 38,271 people were unskilled (Tak Industrial Council, 2006).

3) Measot has restricted regulation (rigid) following the standard of international trade which cannot be used for border trade. Border trade at Measot has a lot of law and regulation to adhere to based on international system, which can lead to complications and difficulties in action (Tongtummachart, personal communication, July 23, 2006).

The result of opportunity analysis indicated that:

1) Maesot is suitable for export production in manufacturing base of labour-intensive goods e.g. garments, agro industry for export of agricultural products (e.g. silo far animal food) food preservation, agricultural products e.g. frozen/cool room, fermentation vegetable, material useless waste from agriculture product (agricultural products) bio fertilizer, business of transportation system (logistic), ornament/ jewelery (Department of Foreign Trade, 2006d).

2) Measot is suitable for foreign investment directed at exporting.

3) Measot is suitable for investment in both tourism and manufacturing.

The results of threats analysis show that:

1) Burma lacks a marketing data base, so there is a need to perfect and update data (Department of Foreign Trade, 2006c).

2) Burma has a risk of instability for the monetary system and monetary payments.

3) Burma lacks business knowledge especially in international business.

4) Burma lacks a basic infrastructure and clear border trade regulation and update policies.

5) Instability in political system of Burma; close off border trade.

6) About 1,000 Burmese people including ethnic Karen Mon and Pa-O

Burma have often closed off border trade.



7) Uncertainty of political system in Burma which has resulted in frequent closures of the **border gate** in the year 1997, longer for 5 months from May-September. The value of **Thai trade** has **decreased** from 2.55 **thousand** million baht to 0.78 **thousand** million baht **which** is nearly a **70 per cent** decline, at the same time (Tak Commerce Chamber, 2006b).

8) High rate of turnover of **official** chief **executive** operation in border region **affects** the relationship of **Thailand-** Burma. The relationship and foreign policy of **the Thai government** has been of a **low** level, when **turnover** for the head **officer** had a problem in border trade and a high **risk** to solve those questions.

Moreover, to understand the ability of competition of Tak **Province**, **this study** will **focus on** the four **year** provincial action Plan. This research **study shows how eight strategy** of action plans are **working and what the impact of** the plan is (see **Figure 3**).

The results for pattern of border trade, **value** of **exports** and imports between Burma and Thailand have found that **Thai** exports to Burma have **changed** from **necessary/simple** goods to sophisticated **consumer goods**. It can be seen in Table 2 with the **top ten** products of Thai import **from and export to Bunna in 2006**. The first rank of import values were artificial craft (man-made **craft**) by wood material, **followed** by fresh seafood, animal food and **live animals** etc. Export values from Thailand **were** industry products e.g. **seasoning powder, diesel fuel, flat steel zinc and televisions** etc. (see Table 2) (Department of Foreign Trade, 2006e).

The study has also found **pattern of export products for Thailand border** trade as follows:

1. The **value** of seasoning powder exported from Thailand to Burma has increased **from 25.8 million** baht in 1996 to 90.2 million **baht** in 2006. **Even** though this product has been stated as 'contraband **goods**' for **importing** to Burma, it is **not** contraband for Thai **exporter** (see **Figure 4A**).

2. **Footwear products** were **second place** in 1997 but **their** value sharply dropped in 1998. Since then it **has further** decreased and **has** never been on the chart of **top ten products of exports** (see **Figure 4B**). It **was** found that the value of footwear wasn't high and **had** a lot of fluctuation.

3, The **exported** value of **vegetable** oil **increased more than** twice with the total **exported value** amounting to 335 million baht in 1999 and 685 million in 2006 (see **Figure 4C**).

4. It is **interesting** that **more** than half **the exported products on top ten** ranking have changed from **simple/necessary** goods to **sophisticate/industrial goods** such as **diesel** fuel, flat steel, zinc, televisions, motorcycles and pharmaceuticals.

The results of imported products for Thailand border trade indicate that:

1. Timber furniture **was** found to **have** the first **ranking** of imported values since 1996 with 1.6 million baht, increasing to 33.9 million in 1998 and **decreasing** to 20.4 million in 2000. Since 2001-2004 wood furniture **was** found to suddenly have dropped and **taken off** again in 2005 (see **Figure 4D**).

2. **Primary products** such as live animals (**cows and buffalos**) have increased in imported value (see **Figure 4E**). **Fresh sea foods** (fish, crab, shrimp and **products** of those sea foods) **have**



increased from 36 million baht in 1999 to 336.5 and 163.5 million baht in 2005 and 2006, respectively (see Figure 4F).

3. Raw material including agricultural products (red onion and capsicum) and mineral (zinc and granite) have highly increased in imported value.

To sum up the pattern of border trade has changed both in export and import products. The pattern of production has also changed to labour intensive industrial goods (see Table 2).

Further study is needed to determine which products have the comparative advantage. This study employed the reveal comparative advantage (RCA) index by using exported data between Thailand and Burma compared with world exports for that products classification during 2001-2005. The results indicated that fifteen products have significantly increased the real comparative advantage (RCA) such as dairy products, edible fruit, vegetable saps, animal, vegetable fat and oil, cereal, milk preparation and product, beverage, cotton and manmade filaments. The products which have high comparative advantage ($RCA > 1$) should be of concern and promoted by government (see Table 3). However, those products that have decreased in comparative advantage ($RCA < 1$), should cause the Thai government to consider whether to increase the potential of comparative advantage or to cut down on support for those products (see Table 4).

Determinant of capability competitive factor

In the previous section, it was described the Thai economy was under world economy and globalization. The Thai economy has been changed to a more open economy and it has impacted on the trade pattern. This has lead to more competitiveness. So that an entrepreneur under a more competitive atmosphere has to evaluate the situation to compete. This section survey the opinion on competition situation of Thai border trade in six questions:

- 1) How about the level of demand for Burmese goods in Thailand now?
- 2) How about the level of demand for Burmese goods for the future?
- 3) What is the proportion of market share of Thai goods in Burma?
- 4) Which countries are competitors in the Burma Market?
- 5) What are the factors that provide advantages for Thai border trade over other competitors?
- 6) How about the regulation and law of border trading in Thailand?

The result shows in Table 5 that overall border trade in Measot is in the moderate to high level. About 60-70% of entrepreneurs believed that the future of border trade at Measot Gate is still good. Demand for Burma's goods measures in terms of import value from Burma to Thailand is high level ($\bar{X} = 3.56$). Thai export goods have a high level of comparative advantage over other competitors. Thai export goods have a high proportion of market share in Burma's market. It was found that China, Singapore and the United States are the great competitors of Thailand in Burma's market. Thai export products took the fourth rank of market share in Burma. However, Thai export products have a



comparative advantage and beat the competitors in Burma's market with the larger number of products in the long run.

To extend determinants of competition the study explores the factors of comparative advantage with other rivals by focusing on 10 determinants of advantage factors namely: trade system, import price from Thailand to Burma, quality of products, transportation service, distribution center, lower cost of transportation, transaction system, politics in Burma and border trade, advantages over other countries. The results shown in table 6 indicate the Thai border trade with Burma has a high level of advantage in trade system ($\bar{X} = 4.04$) followed by the determinant of quality of products ($\bar{X} = 3.81$) and transportation service factor ($\bar{X} = 3.7$).

Focusing on the trade system at Measot Gate the results indicated there are three types of border trade namely: normal trade, smuggled goods trade and border pass trade.

1) Normal trade is a major trade in Measot Gate determined by the custom official department at about 85.19%, or value of trade increased from 4.7 million baht in 1997 to 58.8 million baht in 2005. In other words, normal trade is international trade which has to follow the custom regulation of international trade such as paying custom tax and tariff for export and import goods and services, follow all documents requested from the customs department and follow rules of international trade, especially the monetary system, transaction system, decide foreign currency in exchange, decide the price for exchange etc.

2) Smuggled (or contraband) goods of border trade which transported by water across the Meauy River had an export value around 3.7 %.

3) Border pass trade is the trade which has been sent to the third country by passing the other country border. For example Japan needs to export product to China, India or Bangladesh. Japan has to export product by passing the custom department in Bangkok, than passing through the Measot custom department before being sent to China. The border pass trade accounts for about 11.11% according to the Measot custom department. Two countries: Japan and Singapore accounted for the most value of exports this way. Japan has sent used electronic, used cars, motor cycles while Singapore has exported palm oil and consumer goods to Burma via Thailand. In 2005, the border pass trade has been set as the value of 1,837.9 million baht, such as palm oil, empty tin case, second hand bicycles, automobile parts, used cars and used electricity.

However, most of the trade with Burma is counter trade which is trade by government to private sector with the same value of trade. For example, if the Thailand government imported products from Burma then Thailand can export goods as the same value of products to Burma. In fact, Thailand exports to Burma have grown more than imports from Burma. This case takes the moderate level because Thai export value is more than import value from Burma.

Thai export products, even though having higher prices than products from China, The Burmese will buy Thai goods because when people compare those products for quality the products



from Thailand still have a comparative advantage over goods from China. Entrepreneurs have a high confidence in the product from Thailand and are not worried about the moderate gap in import price. Quality of product factor is better than from a rival. The result found that exporters believed in Thai products which have more advantage than a rival as a high level as ($\bar{X} = 3.81$) (see Table 6).

Transportation service factor has decided to choose mode of transportation for exporting their goods, accounted in two ways as following.

1. Transportation by water is used for transporting the prohibited (contraband) products to Burma e.g. vegetable oil, seasoning powder, beer, consumer goods etc. These products are not illegal for a Thai exporter. Thus Thai exporters will export their products across the river to a Burma port. Then stock their products in a warehouse nearby the river and wait for transfer to Rangoon, Mandalay, Warrn, Song Island, or Changtoog and Moosay by the minority group in Burma. A must requested for a Thai entrepreneur is the need of a complete one stop service including checking and releasing imported goods at the temporary warehouse.

2. Transportation by road (across, over the bridge), exporters have to follow the custom officer and apply for legal goods only. All exporter and importer have to prepare all documents by themselves or the agent company. The exporters send industrial goods and construction goods to Burma. The study found that transportation issues placed a high level factors ($\bar{X} = 3.70$) for the entrepreneur (see table 6). The context of transportation issue has been considered in 11 factors, namely inconvenience of telecommunication and infrastructure transportation, high border pass fee, communication system, languages, official criteria, complexity of import regulations, lack of cooperation between government and private sector, high import tax rate, complexity of official operation, uncertainty of border trade policy. The results found that the factor of the qualification of registration of Thai importer and exporter is the most important factor and the other factors play a moderate level.

The study investigated which components of trade are the important factors for the entrepreneur. The study includes six factors to test the opinion of entrepreneurs, namely: open border trade, high competition, import restrictions, border unrest, in-convenience of rules, law and regulation and low purchasing power. The results in table seven found that high competition factors take the first ranking of the survey that an entrepreneur should realize and set the strategy to deal with this problem. The second factor is open border trade and the third factor is import restrictions.

The key success of **capability competition** on border trade

Table 8 shows the key success factors of capability determinant of border trade in ten factors namely: create environment for business, support aggressive export policy, induce domestic and foreign investment, support strength in regional economy, develop human resources, support potential of management fundamental service, create knowledge environment, understand community



cooperative, expand value of international and border trade base and create value added to export product (Tak Provincial Office, 2006).

1. To achieve the key success factor of creating an environment for business, the local government supported two projects. The first project is improving the process of official services for investors and tourists to provide more convenience in terms of support for crossing the border such as doing passport, doing temporary passport, boarding pass documents and boarder pass controlling, etc. Another project is to establish an import-export center by establishing all related departments such as customs department, health inspection, animal and vegetable inspection, tax evaluation etc. as one stop service for investors and visitors at Measot border gate.

2. To achieve the target of supporting aggressive exports, the local strategy has set up two projects. The first project is establishing a service center of trade under commercial departments that supplies information to investors and visitor. The second project is that of supporting the efficiency of controlling immigration (import and export people) which is at least forty-six thousand a month.

3. To achieve the target of domestic and foreign investment local government has launched three projects. The first project is establishing a center where alien labor (the illegal labor) can stay before being send back to Burma. Second is a project to control and systematically order, limit, permit for immigration labor to inner/ urban areas; the project of issuing working permits for one day to enable people to get a boarder pass by arriving in the morning and returning in the afternoon. Finally, conducting a feasibility study to determine a good pattern for development of new real estate in the area by studying the impact of the industrial environment and improving the agricultural production structure.

4. To achieve the target of supporting a strong regional economy, there are three projects. The first is to research and study the impact factor on the border economy. The second project is to develop and support trade with neighboring countries to develop ability of production service and human resources to extend markets to other countries. The third project is to develop tourist resource and village tourism by connecting and creating product of one tumbol one product (OTOP).

5. To achieve the target of developing human resources, the local government should train at least 500 staff and entrepreneurs for supporting border trade efficiency. The second strategy is to train Burmese to know about production, and marketing in agriculture: to invest in agriculture at least 50 thousand baht. Develop human resources at border gate by supplying stationery for study.

6. To achieve the target of supporting potential of fundamental management services, local government set for eleven projects such as lay out and urban planning for Mae Ramad and Mae Jaoa for developing community in border Trade. Other projects include extending the road for four lanes, developing and extending water resources in border trade; support for water usage, and construction of an exhibition center hall for border trade.



7. To achieve the target of creating a knowledge environment, the government should support people participating in understanding community and cooperation to develop non government organizations (NGO) for community participation in the economic zone and knowledge management.

8. To achieve the target to recognize, expand value of international and border trade base and create value added to export product: project of foreign exchange Thai-Burma's student; project of mobile unit supporting the development and creation of human resources in nine subjects. These include: project of healthy planning for Thai-Burms border community, project of cultural exchange between Thai-Burma to know a way of life, culture language and social influx with border trade, project of natural and cultural survey route from Tak to Burma for operating a new route for ecotourism, project for studying way of life and inter correlation between Thai-Burma to understand culture and social custom with Burma.

The results have found that the factor of 'create environment for business' takes the first rank with a highest level at ($\bar{X} = 4.40$). Measot Local government has run two projects to serve creating an environment for business at Measot namely: 1) improve process of service for investors and tourists for convenience when crossing border such as doing passport, temporary passport, boarding pass document, boarder pass controlling, etc. 2) Establish import-export center as one stop service for investors and visitors at Measot border gate.

The factor of inducing domestic and foreign investment rank as the second highest factor. The local government has created the center of illegal immigration labor, preparing shelter/ accommodation for those illegal laborers prior to their being sent home. Moreover local government has to release around two thousand working permits per day for laborers who want permission to come to work for one day to meet the lack of supply of labor. The project of feasibility study of industrial real estate in Measot by the university has been employed,

Conclusion

The purpose of this study was to examine the determinants of competitiveness of Thailand's border trade with Burma. A number of projects from local Thai government have been included in the analyses. The results indicate that by accounting for competitiveness factor, border trade at Measot gate between Thailand and B u m has increased. This result provides useful information for border trade analysts as it aids in their understanding of Thai border trade with Burma. The results of the study suggest that Thailand's border trade encouraged increased export in manufacture products to Burma (National Economic and Social Development Board, 2002).

The findings of this study are useful and need to be incorporated border trade into international trade. One of the significant findings is that trade openness stimulates increased exports by manufactures between Thailand and Burma in the East-West corridor. Another significant finding

is that, overall, creation Of an environment for business induces domestic and foreign direct investment and expands the value of international and border trade.

Supporting aggressive export orientation was the highest level determinant which impacted on competitiveness in border trade between Thailand and Burma. Results also indicate that the problems of border trade are dealing with instability of domestic political problems in Burma, lack of clarity of Thai's border trade policies between military stability or business profit policy. The restriction of transportation and communication and language is also of concern.

The study suggests that the direction of development on Thai-Burma border trade at Measot should promote goods and service for exporting, exchange tourism and develop sale and distribution of goods. The businesses should invest in Burma for fishery, mineral, timber industry, agricultural industry, business of construction and business of hotel and tourism. For agricultural production such as maize, economic crops should invest under contract farming between Thailand-Burma. Thailand will invest all of technology and capital to buy raw materials and Burma will invest labour by working on farms. Contract farming should invest in Burma and import product to Thai by passing Measot border. This will provide the people who live in the border area with work and thus have no need to immigrate to work in the Thai border area.

Table 1 Conceptual framework of study

Factors of Analysis	Objective	Framework
External Environment	Understand wide view of environment , create opportunity and threats of border trade	PEST Model
Internal Environmental	Determine strength and weakness	SWOT Analysis
Strategy of developing Competitiveness	Understand ability of competition of Tak province	Provincial Action Plan (4 years)

Source: gather from author



Table 2 Thai top ten products of imports from and exports to Burma at Measot

Gate, 2006			(Million Baht)	
Rank	Imports	Value	Exports	Value
1	Artificial with wood	211.69	Seasoning powder	502.66
	Fresh crab	145.48	D i d fuel	258.89
	Fresh fish	113.77	Flat steel with zinc	258.84
	Animal fwd with shrimp prd.	60.28	Zinc	255.91
	Live caws	57.59	Television	233.25
	Dried fish products	55.49	Motorcycle	226.15
7	Shrimp products	18.08	Vegetable oil	219.50
8	Live buffalos	15.40	Cotton cloth	193.42
9	Bamboo	14.88	Fish nest	160.89
10	Zinc	10.48	Pharmaceutical	153.13

Source: Measot Custom Department, 2006.

Table 3: Real Comparative Advantage Thai-Burma (RCA>1), 2001-2005

	2001	2002	2003	2004	2005
4 Dairy products, eggs, honey, edible animal	5.41	3.82	4.91	6.13	5.55
8 Edible fruit, nuts, peel of citrus fruit,	0.01	0.05	0.03	1.11	6.66
13 Lac, gums, resins, vegetable saps	0.09	0.06	1.83	2.95	3.57
15 Animal, vegetable fats and oils. cleavage	11.58	14.01	23.77	33.99	19.31
17 Sugars and sugar confectionery	2.21	2.92	3.48	4.71	3.22
19 Cereal, flour, starch, milk preparations	3.00	3.00	3.72	3.89	5.16
21 Miscellaneous edible preparations	3.51	3.74	5.95	6.55	6.81
22 Beverages, spirits and vinegar	4.54	4.99	4.78	6.25	9.76
24 Tobacco and manufactured tobacco substitutes	0.30	0.63	1.15	0.69	1.97
27 Mineral fuels, oils, distillation products,	0.62	0.64	0.63	0.55	0.93
31 Fertilizers	1.42	1.43	1.17	0.74	1.72
34 Soaps, lubricants, waxes, candles,	1.45	1.45	2.16	2.13	2.42
52 Cotton	4.10	3.63	4.80	3.87	5.18
54 Manmade filaments	2.55	2.88	3.34	2.46	3.43
55 Manmade staple fibers	2.94	4.15	4.69	3.42	4.17

Sources: calculate by author

Table 4: Real Comparative Advantage Thai-Burma (RCA>1), 2001-2005

	2001	2002	2003	2004	2005
1 Live animals	1.98	1.05	0.84	0.09	0.00
23 Residues, wastes of food industry, etc	1.54	1.86	1.49	1.08	1.31
29 Organic chemicals	1.84	1.38	2.25	2.54	1.68
30 Pharmaceutical products	1.69	1.46	1.18	0.95	1.02
32 Tanning, dyeing extracts, tannins, derives, pigments etc	1.51	1.86	1.28	1.38	1.41
38 Miscellaneous chemical products	1.30	1.30	1.39	1.28	1.11
60 Knitted or crocheted fabric	1.48	2.47	2.20	1.45	1.22
63 Other made textile articles, sets, worn clothing etc	1.48	0.95	0.78	0.86	0.97
72 Iron and steel	2.27	2.00	2.68	1.62	1.45
73 Articles of iron or steel	1.58	1.86	1.58	1.31	0.89
76 Aluminium and articles thereof	1.01	0.89	1.08	0.72	0.73
33 Essential oils, perfumes, cosmetics, toiletries	3.49	3.15	3.01	2.59	3.14
39 Plastics and articles thereof	3.37	3.58	3.07	2.62	3.21
40 Rubber and articles thereof	4.84	4.84	4.28	4.06	3.07
56 Wadding, felt, non-woven, yarns, twine, cordage, etc	17.55	21.34	13.31	12.06	13.57
58 Special woven or tufted fabric, lace, tapestry etc	3.67	3.04	2.23	2.39	2.76
64 Footwear, gaiters and the like, parts	2.04	2.35	1.88	1.51	1.72
68 Stone, plaster, cement, asbestos, mica, etc articles	3.32	4.13	2.88	2.33	2.17
69 Ceramic products	5.45	6.80	2.79	2.43	2.89
79 Zinc and articles thereof	5.55	6.12	11.26	7.39	0.00
83 Miscellaneous articles of base metal	22.1	3.02	2.01	1.22	1.39
96 Miscellaneous manufactured articles	4.63	4.62	3.92	3.31	3.81

Source: calculate by author

Table 5: The competition of Thai trade

	X	S.D.	Level
Hand for Burma goods at present	3.56	0.930	high
Demand for Burma goods in the future	3.07	0.960	moderate
Market share in Burma market	3.19	0.920	moderate
Competitor	3.26	1.020	moderate
Advantage of other competitor	3.43	1.370	high
Opinion of trade regulation	3.04	1.020	moderate

Source: author



Table 6: The determinant of advantage factors

	X	S.D.	Level
Trade system	4.04	3.900	high
Import price form Thailand	2.93	1.000	moderate
Physical of goods with effect of transportation	2.89	1.150	moderate
Quality of products	3.81	0.740	high
Transportation service of Thai	3.70	0.870	high
Distribution center to Burma	3.33	0.830	moderate
Lower cost of transportation from Thai	3.44	1.090	high
Trust of transaction system	2.96	1.290	moderate
Politic in Burma on border trade	3.78	1.480	high
Advantage form other country	3.43	1.370	high

Source: ~~author~~

Table 7:The opinion of ~~exporter~~ on border trade

	X	S.D.	Level
Open border trade	3.78	1.280	high
High competition	3.96	1.220	high
Import restriction	3.41	1.450	high
Border unrest	3.19	1.470	moderate
Inconvenience of law and regulation	3.26	1.160	moderate
Low purchasing power	3.15	0.990	moderate

Source: by author

Table 8 The key success factor of capability competition of border trade

	X	S.D.	Level
Create environment for business	4.40	0.440	Highest
Support aggressive export	4.20	0.420	Highest
Induce domestic and foreign Investment	4.30	0.675	Highest
Support strong in regional economy	3.90	1.524	High
Develop human resource	4.00	0.667	High
Support potential of management fundamental service	3.70	1.160	High
Create knowledge environment	4.10	0.738	High
Understand community cooperative	4.10	0.738	high
Expand value of international and border trade base	4.30	0.483	highest
Create value added to export product	4.20	0.632	highest

Source: author

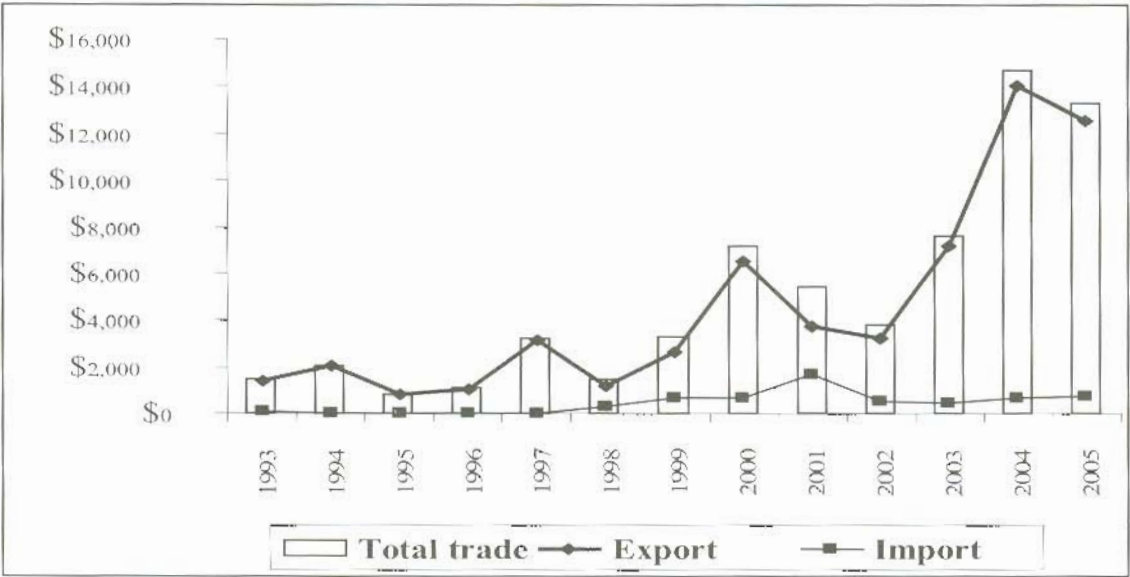


Figure 1 Thai border trade at Measot Gate, 1993-2005

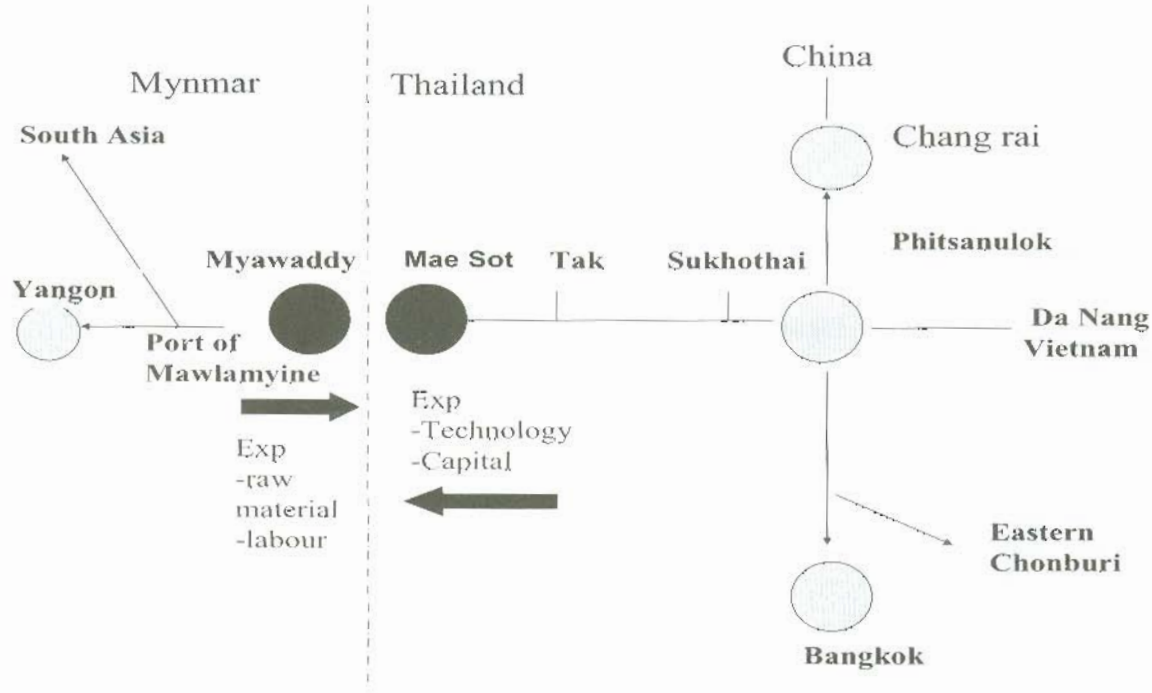


Figure 2 Mapping of location of Measot Gate in Tak Province

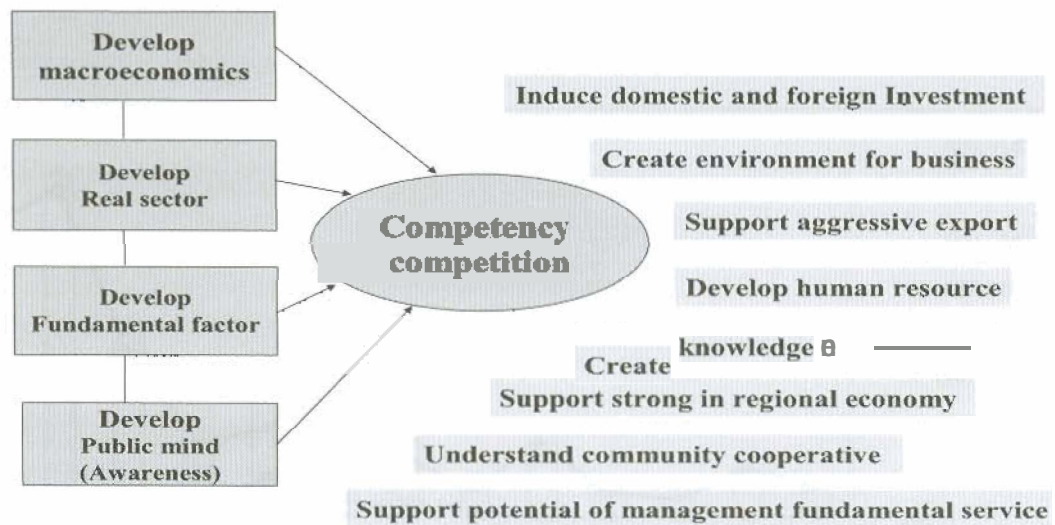


Figure 3. Developing potential Thai-Burma Border trade competency competition

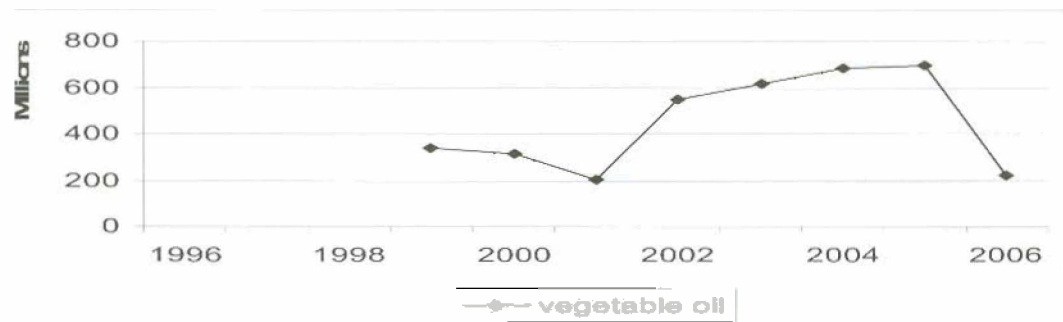


Figure 4A . Export value of seasoning powder

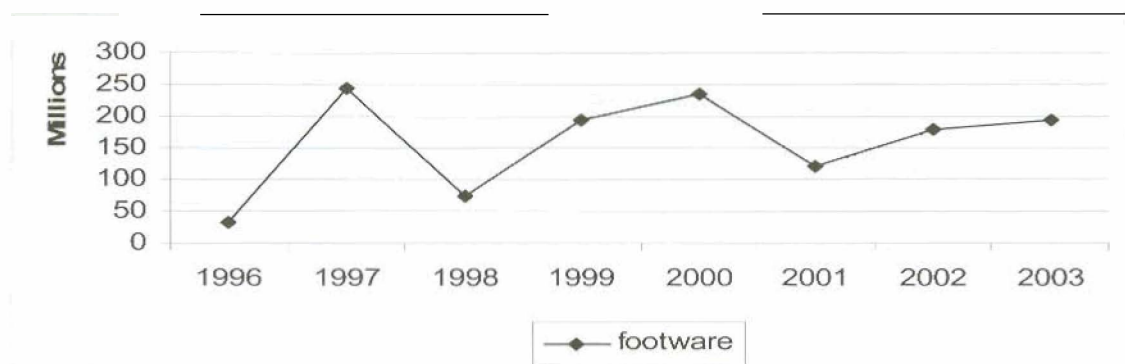


Figure 4B. Export value of footwear



Figure 4C. Export value of vegetable oil

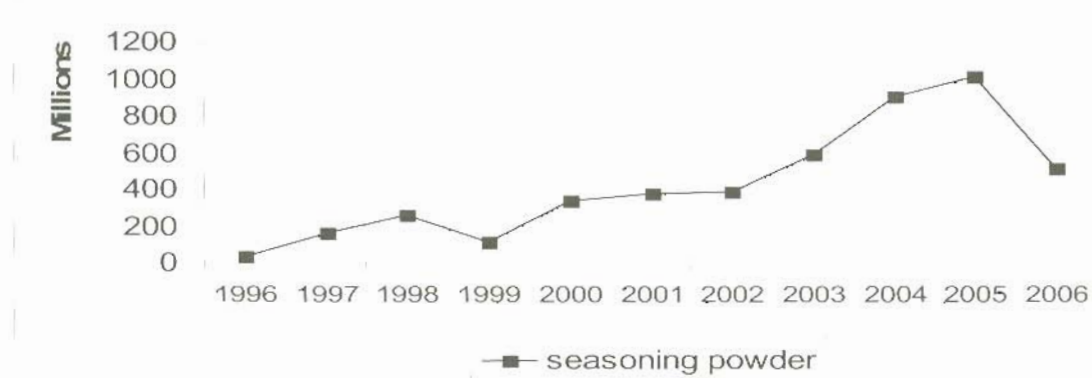


Figure 4D. Import value of wood furniture

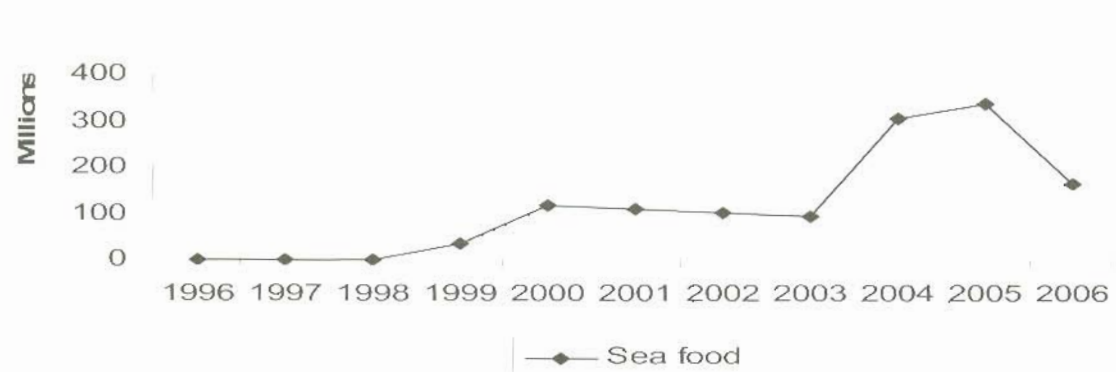


Figure 4E. Import value of live animals

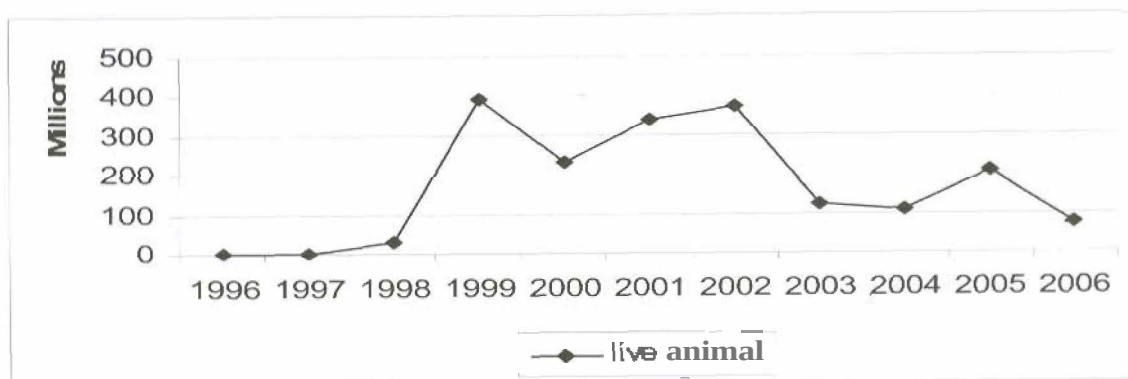


Figure 4F. Import value of sea food



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