

Jirayu Chanthongkaew 2010: An Analysis of Factors Affecting the Competitive Advantage of Thailand's Palm Oil Industry. Master of Economics, Major Field: Economics, Department of Economics. Thesis Advisor :Associate Professor Chiraphan Kuladilok, M.Econ. 113 pages.

This research has two main aims. The first aim is to analyze the history of palm oil, palm oil plantation, palm oil fresh fruit market, crude palm oil market, RBD pure palm oil market, production and market for the palm oil industry, export and import of palm oil, government policy of palm oil and palm oil taxation. The second aim is to analyze the Competitive Advantage of Thailand's Palm Oil Industry using Michael E Porter's theory.

The results of the study are as follows: Thailand's environment and climate is suitable for palm oil plantation together with all the necessary infrastructures. Palm oil is utilized by in many industries other than the vegetable cooking oil. The palm oil industry can be separated into 3 different industries. They are palm oil plantation, the Palm oil extraction, and the Palm oil refinery. The wage rate for palm oil plantation workers in Thailand is lower than in Malaysia by 100 percent and, for the palm oil extraction industry, Thailand has similar cost compared to Malaysia's but, for the palm oil refinery industry, Thailand has higher cost than Malaysia's. The demand for palm oil is for both household consumption and industrial use. According to the Free Trade Area agreements the tariff rate for palm oil is to be cut to zero and this will affect the domestic palm oil price. It will also affect income of farmers. The price of palm oil fresh fruit bunches and other related products will fall. The FTA will stimulate Thailand's palm oil total production as well as efficiency, however.

From the result of this study, it is recommended that the government issues policy to help the farmers to cut their production cost or to increase palm oil fresh fruit yield.

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Thesis Advisor's signature