

Paweena Punkla 2008: A Study of Price Transmission on Thai Cassava before and after Asean-China Free Trade Agreement. Master of Science (Agricultural Economics), Major Field: Agricultural Economics, Department of Agricultural and Resource Economics. Thesis Advisor: Mrs. Kanchana Sripruetkiat, Ph.D. 115 pages.

The objectives of this paper were to study cassava industry in Thailand and China and to analyze the cassava chip price transmission between local market price, wholesale market price, and export market price before and after FTA Asean-China. Time series analysis techniques: Cointegration and Error Correction Model (ECM) were employed to analyze price transmission using monthly time series data from January 1998 to July 2007.

This study found that cassava in Thailand has been processed into cassava products for example, cassava chip, cassava pellet and starch. Cassava chips are used for ethanol production and animal food. Marketing channels for cassava chips are composed of farmers, collectors, wholesales, retailers, exporters, and consumers. In 2006 Thailand exported cassava chips to China were 3.82 million tons or account for 99.74 percent of total quantity of exported cassava chips. Chinese manufacturers are used cassava chips processed into alcohol. Cassava production in China is not enough for domestic demand and this is the opportunity of Thai entrepreneurs. In order to compete with foreign competitors such as Vietnam and Indonesia, Thai entrepreneurs should focus on quality of cassava chips.

The results of the price transmission analysis revealed that before and after FTA Asean-China, The price between each market had long run and short run relationship. But price transmission in each market level was imperfect. Price transmission had directed from export market price to wholesale market price and wholesale market price to local market price. The result shown that export market price determined domestic market price because cassava chips were exported mainly to China, and farmer price and wholesale price were increasing after FTA Asean-China

In order to have enough cassava chip used for ethanol production in domestic, government should set quota of exported cassava chip. Because of imperfect price transmission, government should look closely in export price and investigate the price transmission in each market.

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28 / 05 / 2008