

ABSTRACT

Under the circumstance of severe economical crisis that Thailand has been facing since 1997, as an export-oriented country, the export's income is considered as one crucial means of Thailand's economic problems. As a matter of fact, canned tuna has been one of the important export goods of Thailand for more than a decade. Therefore, the export's income of the Thai canned tuna is one of the main sources of foreign exchange income for Thailand's economic growth and development.

In the world market, Thailand has been the largest exporter of canned tuna since 1985 due to it is recognized as having good quality and meeting the world's standard. However, there are signs of a decline for Thailand's comparative advantages in exporting the canned tuna to the world market during 1992-1993. Moreover, the market shares of the Thai canned tuna in the world market have been also on the downward trend since 1997. Critically, its market share plummeted considerably from the level of 52.61% in 1990 to 31.20% in 1998 due to increased competition in the market. This means Thailand's competitive strength of its canned tuna in the world market is descending. Together with the disadvantage of lacking domestic raw materials, the Thai canned tuna producers and/or exporters are facing; it seems that Thailand's comparative advantage and competitive strength of its canned tuna export will further decline in the future. This study then hypothesizes that the comparative advantage of Thailand in exporting its canned tuna to the world market will decline continuously in the future. Additionally, the competitive strength or the market share of the Thai canned tuna in the world market will also drop down continually in the future. Hence, it prompts this paper to study more deeply into Thailand's and the world's canned tuna industry, regarding production, market and trade structures as well as its competitors. Furthermore, the Thai canned tuna's comparative advantage, competitive strength and competitive potentiality in the world market and important export markets are measured to investigate whether the trend of Thailand's comparative advantage and competitive strength will further decline or not. Thereby, the empirical evidence will help confirm or reject the hypotheses. Thus, proper strategies can be adopted to improve the industry.

Meanwhile, the comparative advantage is normally specified with respect to pre-trade relative prices, whereas empirical researchers in international economics confront trade data generated by trade flows in post-trade equilibria. This difficulty led Bela Balassa to introduce the notion of "Revealed Comparative Advantage (RCA)" in 1965 as a measure of comparative advantage. The revealed comparative advantage is based on assumption that the commodity pattern of trade reflects relative costs as well as differences in non-price factors such as differences in quality, goodwill and servicing, etc.

Thus, the theoretical model applied in this study is the revealed comparative advantage or RCA index in order to measure the comparative advantage of the Thai canned tuna compared to main competitors in the world market. In addition, the market share and market growth rate are also employed along with the revealed comparative advantage index. The market share is calculated to determine the Thai

canned tuna's competitive strength or competitive position compared to the main competitors in the world market and important export markets. Meanwhile, the market growth rate is additionally calculated to evaluate the Thai canned tuna's competitive potentiality in the world market and the important export markets compared with the main competitors. In the world market, the data is calculated according to the studied periods which are divided into 4 periods: 1982-1986, 1987-1991, 1992-1995 and 1996-1998. However, in the important export markets, the data is calculated on a year-on-year basis which is during 1995-1998.

From the study, it is found that besides the problem of lacking domestic raw materials, the Thai canned tuna exporters and/or producers also face the problems of lacking brand identification, high cost of production and intense tariff and non-tariff barriers in the world's trade of canned tuna. Additionally, they also face the financial problem, the lack of effective and updated information and the complicated and slow procedures of related government units.

After evaluating all calculated results, it is found that though the Thai canned tuna exports are picking up in each studied period, the revealed comparative advantage (RCA) index or the comparative advantage of Thailand in exporting the canned tuna to the world market has declined since the period of 1992-1995. In consonance with the declines of its comparative advantage, the market share of its canned tuna in the world market both in terms of export volume and in terms of export value has also plummeted since the period of 1992-1995. Anyway, Thailand can be able to maintain its position as the world's largest exporter of canned tuna in terms of both export volume and export value during all studied periods. Meanwhile, its competitors' comparative advantages and market shares of their canned tuna exports in the world market have been on the upward trend during all studied periods, particularly Spain and Ecuador. In addition, the market growth rates of the Thai canned tuna exports in the world market increase with the decreasing trend. This means its competitive potentiality is descending. In the major export markets, only in the United Kingdom, Germany and the whole European Union that the Thai canned tuna's market shares are downward, as these countries levied high tariff rates to the Thai canned tuna exporters and/or producers. Consequently, they have to lose the market share to Africa, Caribbean and Pacific or ACP countries as well as ANDEAN or ANCOM (Latin America Common Market) pact countries who receive the privileges of tariff exemption and reduction from the European Union. As a matter of fact, the Thai canned tuna producers and/or exporters have the weakness of lacking domestic raw materials while most of its competitors have the advantage of possessing enough domestic raw materials, which mean they incur lower production cost than the Thai canned tuna producers. It is obvious that Thailand's comparative advantage, competitive strength and competitive potentiality in exporting the canned tuna to the world market tends to be lower continuously if they still cannot solve their problems, particularly the problem of lacking domestic raw materials.

From the findings and analytical results, this paper has the following suggestions.

In today's intense competition, the Thai canned tuna exporters and/or producers should improve their operations to provide high quality and reasonable priced products, including innovations for consumers. As there are indications of a

gradual shift to value-added products, the additional ingredients such as vitamin and mineral mixtures for fully-balanced nutrition should be added to improve the quality of the finished product. Complying with all the world's standards like Hazard Analysis Critical Control Point in exporting the canned tuna would be an advantage. Furthermore, expanding their markets to other regions in the world such as Middle East, Eastern Europe, South America and South Africa would be an advantage. In the mean time, they should also expand into Thailand's domestic market to build up strong domestic demand. Additionally, to be competitive in the world market, it is very important that they should continue to improve the yield and efficiency in all areas of their production. The administrative overhead cost must be controlled and if possible reduced as well. For the United Kingdom, Germany and the whole European Union, the government should try to negotiate with them to ask for the Generalized System of Privilege or GSP in reducing the tariff rate to the Thai canned tuna exporters. With this help, they may be able to compete with the ACP and ANDEAN or ANCOM pact countries. Lastly, both the government and private sector should work hand in hand to build up Thailand's domestic tuna fishing industry in order to reduce the import of raw material (fresh and frozen tunas) from other countries.

