

# THE COMPETITIVENESS OF THAILAND'S TRANSPORT SERVICES TRADE

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## ABSTRACT

Abstract— The purpose of this research was to study 1) The competitiveness of Thailand's transport service trade and its influencing factors, 2) The revenue and expenditure of Thai transport service trade, 3) The radiation effect of Thai transport service trade on the ASEAN market. The status of the ASEAN summarizes the basic characteristics of Thailand's transport services trade. The MS index, RCA index, and TC index of Thailand's transport service trade are quantitatively analyzed. Through quantitative calculation, it is found that the competitiveness of Thailand's transport service trade is weak and it does not have comparative advantages in the international market. Then this paper takes Porter's Diamond Model as the theoretical framework and makes a qualitative analysis of resource factors, demand factors, related industries, competitive environment of enterprises, relevant government policies, and strategic opportunities of Thailand's transport service trade. The empirical analysis of the factors influencing the competitiveness of Thai transport service trade. Based on Porter Diamond Model, combined with comparative advantage theory, industrial relevance theory, and economies of scale theory.

This paper constructs a multiple regression model for the factors influencing the MS index, RCA index, and TC index of Thai transport service trade from the actual situation of Thai transport service trade. Model. Through empirical analysis, this paper finds that among the six elements of the diamond model, demand factors and enterprise competitive strategy are the key factors affecting the competitiveness of Thailand's transport services trade. There is no significant correlation between other factors and the MS index, RCA index, and TC index of Thailand's transport services trade. Among the demand factors, the import and export volume of Thailand's goods trade is negatively correlated with the MS index and TC index of Thailand's transport services trade. The increase in the import and export volume of Thailand's goods trade will make the MS index and TC index of Thailand's transport services trade decline, which is mainly due to the relatively weak international transport capacity of Thailand's domestic transport services. The transportation of goods trade mainly depends on large international logistics enterprises.

In addition, among the relevant indicators of enterprise competition strategy, the transport cost of Thailand is negatively correlated with the RCA index of its transport service trade, and the increase of its transport cost will lead to the decrease of its RCA index, which is consistent with the views of other scholars in the past. Finally, in the sixth chapter of the paper, we summarize the research results of this paper, and according to the research results of this paper, we put forward relevant suggestions to promote the development of Thai transport service industry from the two levels of government and enterprise.

Keywords—Transport Service in Thailand, Competitive power, Influence factor

## INTRODUCTION

Thailand has natural geographical advantages in developing transportation service trade. Thailand is in the central part of Southeast Asia, bordering the Gulf of Thailand in the Pacific Ocean to the South and the Andaman Sea in the Indian Ocean to the Southwest. Since the establishment of the ASEAN Economic Community (AEC) at the end of December 2015, Thailand, as a member of ASEAN, the formation of a unified economic space will bring more opportunities for the development of Thailand's transportation service trade. But at the same time, it also puts forward new requirements and challenges for Thailand's international transportation industry. On the one hand, the establishment of the customs union will increase the scale of trade in goods and provide more market

development opportunities for Thailand's international transportation industry. On the other hand, it also requires Thailand's international transportation industry to continuously improve its competitiveness to face other countries. Competition in the transport services industry.

Therefore, this paper believes that under the current market background, the research on the competitiveness of Thailand's transportation service trade has certain practical significance not only for the development of Thailand's international transportation industry. From a theoretical point of view, the analysis of the competitiveness of Thailand's transportation service trade in this paper takes Thailand's transportation service trade as an example and discusses the main factors affecting the transportation service trade from the perspective of an industrial association. It is a supplement to the theoretical research of the transportation services, and it also has certain theoretical reference significance for other scholars to study the industrial relevance of transportation service trade.

## OBJECTIVE

- 1) The competitiveness of Thailand's transport service trade and its influencing factors.
- 2) The revenue and expenditure of Thai transport service trade.
- 3) The radiation effect of Thai transport service trade on the ASEAN market.

## LITERATURE REVIEWS

Although the service industry is a pillar industry in Thailand, affected by many factors such as regime change, domestic economic level, and geopolitics, Thailand's transportation service industry has been developing slowly. There are very few studies related to trade in services. However, the research mainly focuses on the analysis of the transportation management system, the liberalization of international transportation services, and the policies and development plans of the transportation industry. Chen Qiuyan (2015) focused on analyzing the restrictive factors of the slow development of Thailand's railway transportation and analyzed some problems in Thailand's railway transportation. The article points out that Thailand has good geographical conditions to become a transportation hub of Southeast Asian railways, but the internal institutions of Thailand's railway system overlap seriously, lack of good management experience and the development of the railway transportation system is relatively lagging, so Thailand's advantages cannot be fully utilized. Ninaroon, P., Vilasthip, M., & Wichayanuparp, W. (2021) The transportation of Thai tourists has an impact on the service trade. Khawchaimaha S, Bootdachi J. (2016) focused on the impact of Thailand's freight service trade on its manufacturing quality efficiency. In this paper, multiple regression analysis is used to conduct an empirical study on the impact of the liberalization of international freight service providers on the quality efficiency of the manufacturing industry.

The results of the study show that the liberalization of international freight service providers has a positive impact on quality efficiency, contributing to the reduction of material losses, rework losses and losses. In addition, international freight service providers have also provided more convenient transit services to manufacturing companies, improving the quality of intermediate product supply. Peraphan J, Sittha J (2017) analyzed Thailand's transportation industry policy and development planning from the perspective of policy development. The article points out that in the past, the policy planning of Thailand's transportation industry was mainly based on the planning of the domestic public transportation system while ignoring the construction of the regional transportation system between Thailand and neighboring countries, which made Thailand's geographical advantages in the development of the international transportation industry fail. The construction plan of the Eastern Economic Corridor proposed by Thailand in 2016 makes up for this shortcoming and provides a good development opportunity for the development of Thailand's railway transportation industry.

In addition, due to the particularity of transport service trade in a country's industrial economy and international service trade, many scholars have studied the competitiveness of transport service trade and related influencing factors with the competitiveness of transport service trade as a research topic. The research methods of these scholars on the competitiveness of transportation service trade mainly use TC index, RCA index and international market share as measurement indicators, and use the diamond model proposed in the special national competitive advantage theory as an analysis to construct the impact of transportation service trade competition. Theoretical tools for econometric models of force-related factors. Chen Binbin (2015) used the TC index, RCA

index, and international market share index as specific indicators when studying the competitiveness of China's transportation service trade. As a theoretical basis, the model constructs nine influencing factors such as the openness of transportation service trade, the number of employees, the construction of infrastructure such as ports and railways, the scale of goods trade exports, and the scale of foreign investment, and then analyzes the nine factors through the gray correlation method. The degree of correlation between the influencing factors and the competitiveness of transportation service trade. Wang Hao (2016) also used the TC index, RCA index, and international market share index as the key indicators to measure the transportation service trade, and used the Porter diamond model as the theoretical technology to analyze the relevant fact affecting the competitiveness of China's transportation service trade. Qualitative analysis, but the article does not point out the specific impact of various relevant factors on the competitiveness of transportation service trade. Zhang Lei (2016) established two-level measurement indicators, taking the international market share, RCA index, and export growth advantage index as indicators to measure the market share of transportation services, and using the net export index, trade competitiveness index, and revealed the competitive advantage index as indicators Indicators of profitability of trade in transport services. Then, based on Porter's theory of national competitive advantage, an empirical econometric model is built to analyze the main factors affecting the competitiveness of China's transportation service trade through the six elements of the diamond model.

In addition, some scholars have studied the development of transportation from the perspective of transportation economics. D. P. Locklin (1977) believed that transportation demand refers to the demand for space displacement of goods or passengers, while transportation supply refers to the willingness and ability of producers to provide such displacement services. The transportation demand and transportation supply will reach a certain equilibrium in the market, thus forming the transportation market. In Kenneth D. Boyer's (1998) research, for the first time, the analysis method of transportation economy was established based on the characteristics of the network economy of the transportation industry, and from the aspects of transportation demand, transportation cost, scale economy of the transportation market, investment, and price of the transportation industry, etc. In this aspect, the economic characteristics of transportation are expounded. Based on this, Patrick S. McCarthy (2001) then introduced government regulation into it and studied the development of the transportation industry in the United States before and after the regulation

By combining the existing relevant literature, we can see that there is little relevant research literature on Thailand's transportation service industry and Thailand's transportation service trade in the existing research. There is a lack of analysis of the relevant achievements of Thailand's transportation service trade from both theoretical and practical perspectives. However, transport service trade, as a sector with a strong industrial correlation in service trade, has formed rich theoretical achievements in the past on transport service trade and service trade competitiveness. This article will be based on previous theoretical research results, regarding to previous research methods, to conduct an in-depth discussion on the competitiveness of Thailand's service trade and its influencing factors.

## RESULTS

Through the research on the competitiveness of Thailand's transportation service trade, it is found that the development speed of Thailand's transportation service industry is relatively slow, and Thailand has been in deficit for a long time in the international transportation service trade. Although Thailand is an ASEAN country and has certain geographical advantages and policy advantages in the development of international transportation service trade, there is still a certain gap between Thailand and Singapore, Malaysia, and other countries in its transportation service trade. The market share is relatively small. In addition, this paper quantitatively calculates the MS index, RCA index, and TC index of Thailand's transport service trade and finds that although the MS index of Thailand's transport service trade has rebounded in recent years, it is still lower than the level of 0.8% in 2008. In terms of the RCA index, Thailand's transportation service trade has begun to decline significantly since 2011, and Thailand's transportation service trade had no comparative advantage since 2011. In terms of the TC index, because Thailand's transportation service trade is in deficit all year round, the TC index has always been less than zero, and Thailand's transportation service trade is not competitive in the international market

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