

Title : Trade Liberalization and Resource Misallocation in the Thai Manufacturing Sector

Author : Archawa Paweenawat, Ph.D.

School of Economic, University of the Thai Chamber of Commerce

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Abstract

In this paper, I investigate the effect of trade liberalization on the allocative efficiency in the Thai manufacturing sector. Using the plant-level data, I show that the allocative efficiency has dropped significantly in 2011. Moreover, the degree of resource misallocation varies a lot by industry. Then, I use the change in import tariffs by industry as a proxy for trade liberalization. The results suggest that trade liberalization can improve allocative efficiencies.