

## Abstract

**Title:** Business Performance Benefits and Challenges of Border Trade Between Thailand and Myanmar: A Case Study at the Border Town of Mae Sai, Thailand  
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**Degree:** Master of Business Administration (International Business)  
**Number of Pages:** 98  
**Graduation Year:** March 2010

This study aims to reveal the historical and the development of border trade between Myanmar and Thailand. Descriptive analysis of characteristics of the firms, the number of workers, years in operation, products traded, types of ownership, and working and borrowed capital utilized are also included in this study. The study also analyzes the relationship of the financial performance of the firms and their sizes.

The study employed both quantitative and qualitative analysis of data collected from both primary and secondary sources. The key respondents of the quantitative approach of the study were 41 firm owners who are participating in exports and imports business in the border trade at Mae Sai area while the key respondents of the qualitative approach were customs officials from Mae Sai customs office and other business owners. The convenience sampling technique of non-probability as adopted and the collected data was analyzed via descriptive analysis focusing on three key variables of Thailand-Myanmar border trade; 1) the general characteristics of the trade performed; 2) the characteristics

and performance of businesses involved; and 3) and the benefits and limitations of border trade activities.

Findings highlight that with the end of the Cold War and the lessening of political tensions in numerous regions of the world, border trade has increased dramatically. In order to take advantage of this “new world order”, many nations have adapted their economic processes to achieve greater economic efficiency—both globally and regionally. Despite this and the fact that border trade has recently been the subject of increased economic and academic interest throughout the world, literature on border trade between Thailand and Myanmar is unfortunately very scarce. Therefore, the focus of this study involves border trade between Thailand and Myanmar that occurs at the northernmost border town of Mai Sai, Thailand.

As the surveyed firms’ current working capital was in the lower end of SMEs definition by the Ministry of Industry, Thailand, it was considered useful to divide into three sizes of the firms by their current working capital to analyze its performance: large with the current working capital of more than ThB 1 million and medium with between ThB 100,001 to 1 million while small with less than ThB 100,000.

The reason for the majority of the surveyed firms (about 75 percent) employing less than 10 persons is because of a high turnover of employees who typically seek more attractive opportunities in Chiang Mai or Bangkok. The study also found that more than half of the

firms are operating less than 10 years and the majority of them (nearly 70 percent) had working capital of less than THB 1 million. More than seventy per cent of the businesses are sole proprietorships owned by Thai citizens who migrated from Myanmar. Among the surveyed firms, 58 percent are engaged in export/import border trading and broker or transport operators. Most of the products traded at this border area from Myanmar were agro-based, mining products and precious stones while products traded from Thailand were semi-finished basic consumer products. Very few were found to be capital-intensive manufactured products, except some basic electronic products.

The business performance of the medium-sized firms has done slightly better than other two categories of the firms. The results also show that the majority of all different sizes of the firms' business performance are better compared to that of previous years because of better peaceful environment in the border area. This was confirmed with the data from 2009 annual report, Mae Sai customs office, where Thai exports to Myanmar and imports from Myanmar increased significantly since 2003 due to peaceful environment in the border area.

With the new ASEAN Free Trade Agreement and other FTAs in the region, the potential for both exports and imports between Thailand and Myanmar in border trade is bound to expand in the future.