

## The impact of Thai-Laos border trade during the COVID-19 pandemic: a case study of the Nong Khai Customs House in Thailand.

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**Abstract:** The aim of this research was to examine the effects of Thai-Laos border trade during the COVID-19 crisis in 2020 in Mueang Nong Khai District, Nong Khai Province, Thailand. A Case Study of the Nong Khai Customs House. This was qualitative research with a sample group of 20 merchants and transport operators on the Thai-Laos border, using an in-depth interview as a study tool. Use content analysis to analyze the data and present the findings with descriptive statistics. According to the findings, the economic impact of the Nong Khai customs house had an increased export value of approximately 37.26% compared to 2020, because most of the products exported can be transported by truck. Nevertheless, the import value decreased compared to 2021 due to the epidemic of the COVID-19 virus, which caused individuals and enterprises to be uncertain about the country's economic status, resulting in a decrease in the import of high-priced goods for domestic sales. The socio-cultural impact is minimal in this area since the people continue to follow the traditional ways of life and culture according to their religion as usual. The political impact the government has passed legislation to block the first Thai-Laos Friendship Bridge, preventing people from entering and departing the nation via the Nong Khai customs house. There is less impact on the trade of consumer goods through the border, but individuals and enterprises have adapted by changing the distribution channel to online. There are also measures to help people by reducing duty rates and exempting customs duties from the government.

**Keywords:** Thai-Laos border trade, Thailand, Nong Khai customs house, COVID-19 crisis

### 1. Introduction

In late 2019, there was an epidemic of COVID-19 in Thailand caused by the coronavirus, also known as the Wuhan sickness, from the People's Republic of China, and the number of infected people increased. This moment is a devastating threat to the international community the world (Bank of Thailand, 2020). The World Health Organization has declared the COVID-19 outbreak a pandemic (World Health Organisation, 2020). The virus spread quickly over numerous areas, resulting in an increase in illnesses and fatalities as well as a serious adverse impact on the economy. Some countries have turned to extreme measures, such as the shutdown of their countries. The economy of Thailand has been impacted by this crisis in a variety of ways, including political, social, economic, etc (Daily News, 2020). In terms of the economy, it can be said that it had the most impact. The influence extends to nearly every sector, from the household to the business level, particularly those that are trade areas, which are the main source of economic prosperity for the country.

Nong Khai Customs House is another economic area of the country. It is in Mueang Nong Khai District, Nong Khai Province of Thailand, with the 1st Thai-Laos Friendship Bridge connecting the route between Thailand and Hadxayfong District, Vientiane Prefecture of Laos (Figure1). The main exports from Thailand to Laos are oil, livestock products, automobiles, equipment, and components, etc., while the main imports are other fuels, gems, precious metals, and agricultural products (vegetables, fruits), etc. (Department of International Trade Promotion

Ministry of Commerce, 2021) Additionally, there is income from Laos visitors who cross the First Thai-Laos Friendship Bridge to visit and bring items back to Laos, keeping the Thai-Laos border commerce economy at the Nong Khai customs house lively all the time. In the past, the Nong Khai Customs House in Nong Khai Province had the value of Thai-Laos border commerce in 2020, with an export value of 47,279.538 million baht and an import value of 13,847.710 million baht. In addition, the export value in 2021 was 64,894.363 million baht, the import value was 11,654.297 million baht, and the whole trade value was 76,548.660 million baht. The total trade value increased from 2020; the values of exports increased by 37.26% while the value of imports decreased by 15.84% (Nongkhai Customs Office, 2022). This might be due to the COVID-19 viral outbreak that has been raging in Thailand and Laos since 2020, which is beginning to have an increasingly negative impact on politics, society, and the economy. Therefore, both nations must take precautions to stop the COVID-19 virus from spreading, including closing the border checkpoint to prevent inbound and outbound transit, which is one of the elements that contributed to the Thai-Laos border trade's impact in Nong Khai Province during the COVID-19 crisis.



Figure 1. Province territories in Thailand that are connected to Laos.

Source: WorldAtlas (2021), Krainara& Routray (2015)

If there is direct research on how the COVID-19 virus pandemic has affected entrepreneurs, it will be possible for people concerned to make changes to remedy and prevent future effects that are more severe. Consequently, the researcher is interested in investigating the effects of Thai-Laos border commerce in Mueang Nong Khai District, Nong Khai Province during the COVID-19 crisis of 2021, a case study of the Nong Khai customs house. The objectives were to study the demographic characteristics of the Thai-Laos border merchants and transport operators in Muang District, Nong Khai Province. including the impact of Thai-Laos border trade in economic, social, and political aspects. This will lead to improvements and guidelines for laying out strategies in various fields to cope with the situation of the COVID-19 virus epidemic and the epidemic situation of emerging diseases in the future.

## 2. Research objectives

To study the impact of Thai-Laos border trade in Muang Nong Khai District, Nong Khai Province During the COVID-19 crisis of 2021, a case study of the Nong Khai customs house was conducted by studying the impacts in 3 aspects: economic, socio-cultural, and political.

## 3. Literature Review

Border trade is any type of trade that occurs when merchants or enterprises are situated in a country's provinces, districts, or border settlements and engage in business with other nations. Border trade is very common in the border areas of every country. Border trade is related to the following aspects:1) economic aspect means that border trade helps the national economy; there is economic development at the regional or community level. In other words, there is a growth in the value of imports and exports of products and services, which leads to increased commerce and investment and more jobs in the region. It encourages people to have the chance to start their own businesses and enhance household and community economies.2) Social and cultural aspects refer to the interactions between individuals who can enter and exit the region for trade between the border checkpoints of the two nations. Although it may be connected to the customs and cultures of the two nations, it doesn't lead to animosity between them.3) Political aspects refer to the two nations' peace and order in border areas that do not produce any influence in any manner, whether it is fighting, drug trafficking, or armed minority groups, as well as international trade policies, etc. (Nimsai et al., 2015; Makeng, 2020; Rungrutet al., 2020; Wangsirikul et al., 2012)

## 4. Conceptual Framework

The researcher can define the conceptual framework for research by studying concepts, theories, and related research. (Figure 2)

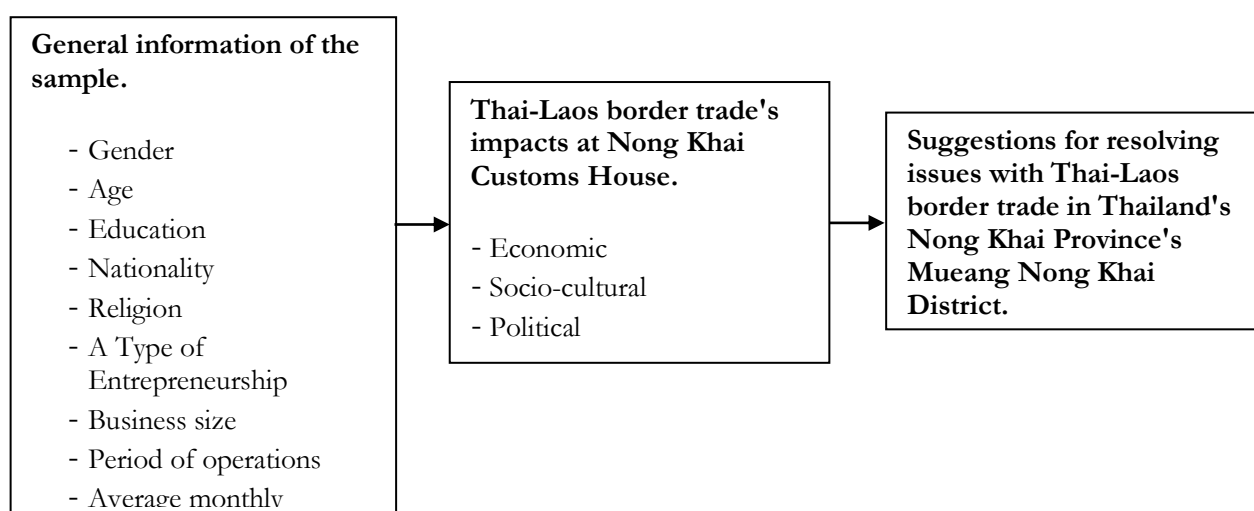


Figure 2. Conceptual Framework

## 5. Research Methodology

This research is qualitative, with the following details:

### 5.1 Population and Sample

The population and samples used in this study were traders and transport operators in Muang District, Nong Khai Province of Thailand. The research team selected 17 transport operators and 3 traders, for a total of 20. The sample size was determined using the data saturation criteria and using a purposive sampling method (Marshall, 1996).

### 5.2 Data Collection and Data Analysis

The research tool used for data collection was the In-depth Interview, which was divided into 2 parts: Part 1, general information of the sample consisted of gender, age, education, type of entrepreneurship, business size, period of operations, and average monthly income. And part 2, questions and opinions on the impact of Thai-Laos border trade, which consists of 3 aspects: economic, social-cultural, and political. Then, the research tool was developed by finding content validity from the Index of Item-Objective Congruence (IOC) of 3 experts. The assessment results appear to indicate that the value is between 0.67 and 1.00, which is not less than 0.50. It can be concluded that the questionnaire is suitable for use (Turner & Carlson, 2003). To supplement the information acquired from the in-depth interview, secondary data is also collected. It is put together using papers, publications, related research, and websites. Data in this study were analyzed using content analysis and presented using descriptive statistics.

## 6. Result

### Part 1: General information of the sample

The results of a study of general information of entrepreneurs trading on the Thai-Laos border at the Nong Khai customs house revealed that the samples were equally split between men and women. Most of the participants were between the ages of 21 and 30 and held bachelor's degrees. All samples are Thai nationals and Buddhists. Most businesses are limited company and small. And the average period of operation is 1 to 5 years (Table 1).

**Table 1: General information**

General information	Number	Percentage
<b>1. Gender</b>		
Male	10	50.00
Female	10	50.00
Total	20	100.00
<b>2. Age group (years)</b>		
< 21	0	0.00
21-30	9	45.00
31-40	5	25.00
41-50	3	15.00
51-60	3	15.00
> 60	0	0.00
Total	20	100.00
<b>3. Education</b>		
Below Bachelor's degree	5	25.00
Bachelor's degree	14	70.00
Higher than bachelor's degree	1	5.00
Total	20	100.00

Table 2: General information (Cont.)

General information	Number	Percentage
<b>4. Nationality</b>		
Thai	20	100.00
other	0	0.00
Total	20	100.00
<b>5. Religion</b>	20	100.00
Buddhism	0	0.00
other	20	100.00
Total	20	100.00
<b>6. Type of Entrepreneurship</b>		
a sole proprietorship	1	5.00
a partnership	2	10.00
a limited company	17	85.00
Total	20	100.00
<b>7. Business size</b>		
Micro-sized business	0	0.00
Small-sized business	14	70.00
Medium-sized business	6	30.00
Large-sized business	0	0.00
Total	20	100.00
<b>8. Period of operations(years)</b>		
<5	6	30.00
5-10	9	45.00
11-15	3	15.00
16-20	2	10.00
> 20	0	0.00
Total	20	100.00

The average income of merchants and transport operators was 14,725,200 baht before the COVID-19 pandemic and 9,505,000 baht during the COVID-19 pandemic. When compared, income during this COVID-19 pandemic has decreased from the original amount of 5,220,000 baht, representing 35.45 percent (Table 2).

Table 3: Average income before and during the COVID-19 epidemic of entrepreneurs.

No. entrepreneur	Income (Baht/Month)		Difference	Percentage
	(Before)	(During)		
1	300,000	80,000	220,000	73.33
2	300,000	80,000	220,000	73.33
3	100,000	60,000	40,000	40.00
4	1,000,000	1,000,000	0	0.00
5	500,000	350,000	150,000	30.00
6	1,000,000	800,000	200,000	20.00
7	300,000	150,000	150,000	50.00
8	50,000	0	50,000	100.00
9	1,000,000	800,000	200,000	20.00
10	7,000,000	4,000,000	3,000,000	42.86
11	1,000,000	800,000	200,000	20.00
12	30,000	10,000	20,000	66.67
13	1,000,000	800,000	200,000	20.00
14	300,000	250,000	50,000	16.67
15	25,000	15,000	10,000	40.00
16	500,000	0	500,000	100.00
17	60,000	40,000	20,000	33.33

Table 4: Average income before and during the COVID-19 epidemic of entrepreneurs. (Cont.)

No. entrepreneur	Income (Baht/Month)		Difference	Percentage
	(Before)	(During)		
18	70,000	120,000	-50,000	-71.43
19	90,000	50,000	40,000	44.44
20	100,000	100,000	0	0.00
<b>Total</b>	<b>14,725,000</b>	<b>9,505,000</b>	<b>5,220,000</b>	<b>35.45</b>

## Part 2: The impact of Thai-Laos border trade.

The economic impact of border trade It was discovered that most respondents believed that the influence of the epidemic COVID-19 had little impact since the export value had grown because most of the items were gold, oil, and vehicle components, which can be transported by a huge cargo vehicle. However, the value of imports has decreased because there are high imports in 2020 and in 2021 because there is still an epidemic of COVID-19, which caused individuals and enterprises to be uncertain about the country's economic status, resulting in a decrease in the import of high-priced goods for domestic sales.

The political impact of border trade found that most of the respondents believed the political impact of the COVID-19 epidemic situation is that the customs house in Mueang Nong Khai District, Nong Khai Province of Thailand, has a mission to perform customs formalities, tax collection, and other income for imported and exported goods. It also serves to prevent and suppress offenses under customs laws and other relevant laws in its area of responsibility, facilitating customs procedures for private cars and foreign passenger cars traveling in and out for tourism. Including proceeding with the customs case of the central and residual goods that are responsible for compliance with the regulations, coordinating, and providing advice on facilitating cross-border trade cooperation. The Customs Department has released steps to assist people and businesses affected by the COVID-19 virus pandemic. The Customs Department, which is part of the Ministry of Finance, has recognized the significance of the COVID-19 epidemic situation. To benefit people and business owners, the Ministry of Finance has issued a notification regarding the decrease of duty rates and the exemption of customs charges under Section 12 of the Customs Tariff Decree 1987 (No. 3) to exempt import duties on certain masks. to support border trade and entrepreneurs (Thai Customs, 1987). In fiscal year 2020, less money is being collected than anticipated. Due to the COVID-19 pandemic scenario, which has caused travel through the Nong Khai customs house (Thai-Laos Friendship Bridge No. 1) to be prohibited, the income collection is less than anticipated.

The social and cultural impact of border trade that most of respondents believed that the social and cultural impact of the Covid-19 pandemic situation was a little affect. Most residents of Mueang Nong Khai District, which includes the Nong Khai customs area and the 1st Thai-Laos Friendship Bridge, are Buddhist Thais and Christian Thais. When there is an epidemic situation with COVID-19, the effects that some have are a matter of performing religious rites, such as Buddhists who must visit to perform rituals at temples. As a result, many have limited their visits to temples and instead made merit through internet means. And, in society, individuals are increasingly using masks to avoid infection and transmission of the COVID-19 virus. However, none of the repercussions were deemed serious. because it is considered something that can be done and has a little impact on their income.

## 7. Conclusion and Discussion

According to the research findings, the economic impact of the Nong Khai customs house has increased export value by 37.26% compared to 2020. Most items exported are things that can be delivered by truck. And imports have decreased in value since 2020 due to people and companies' reluctance to import high-priced items for sale because of the COVID-19 epidemic. In terms of social and cultural impact, it has had little effect. People still follow their religion's way of life, traditions, and culture. Finally, in terms of political impact, the government has passed a regulation barring individual from entering and departing the customs checkpoint, harming consumer product commerce via the border. However, individuals adapt by shifting distribution channels, and it has instead evolved into an internet channel. In addition, there are measures in place to assist people, such as reduced duty rates and exemptions from customs fees. Which corresponds to the study of Rungrut et al. (2020), According to research, the total economic and social impact of the COVID-19 epidemic situation on residents in Yala

Municipality, Yala Province, Thailand was mild. must adapt by donning a mask to avoid becoming infected with the COVID-19 virus, wash your hands with soap before and after cooking; have alcohol gel on hand for hand cleaning; and maintain social distance. It is also consistent with the findings of Wangsirikul et al. (2012), who investigated the impacts of Thai-Malaysian border trade and discovered that most of the economic impacts were caused by changes in currency exchange rates rather than other variables. The social and cultural impacts were discovered to be a result of the value of acquiring items for consumption, with people still leading regular lives according to religious ideals. Furthermore, the political impact discovered that Malaysian and Thai border commerce rules are stringent. As a result, before engaging in cross-border commerce, businesses must exercise caution and thoroughly research the specifics.

## 8. Suggestion

Suggestions for resolving Thai-Laos border trade concerns in Mueang Nong Khai District, Nong Khai Province, Thailand, during the COVID-19 pandemic in 2021 The case studies from the Nong Khai Customs Checkpoint are as follows: 1) Through all media, the public and private sectors work together to educate people about illness and prevention. 2) Establishing a gel alcohol hand washing station. 3) Periodic relaxation of measures to reduce the socioeconomic impact, such as strict border crossings. (Ability to travel, when necessary, for example, for contact trading) 4) The Thai government should collaborate with the Lao government to reduce cross-border trade restrictions to strengthen the economies of the two countries' border trading zones. and 5) People should seek out new distribution channels to mitigate the impact of unpredictability, such as political instability or a pandemic of new diseases like COVID-19. or any other diseases that may develop in the future. should concentrate on online sales, which may reach a wide number of consumers and do not risk them getting dangerous illnesses through touch, etc.

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