

Apinya Laongek 2011: Macroeconomic Factors Affecting the Foreign Direct Investment in ASEAN. Master of Economics, Major Field: Economics, Department of Economics.
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The main purposes of this study aims to analyse of the macroeconomic factors affecting the Foreign Direct Investment in ASEAN. Our findings indicate that the factors affecting on Foreign Direct Investment can be divided into two groups at 90 percent confidence interval. First, The Foreign Direct Investment is positively related to the macroeconomics variables such as the real Gross Domestic Product, the real exchange rate, the degree of openness and the level of development in investment. The other group indicating the negative relationship with the Foreign Direct Investment consist of the international competitive coefficient index.

The result show there are four major factors influenced foreign investor's decision to directly invest in ASEAN. The first factor is the market size, we find that Singapore, Malaysia, Thailand and Indonesia have quite similar rate of change in the market size. While Singapore has the highest rate of change in per capita GDP, that of Malaysia, Thailand, Philippines, Indonesia and Vietnam come respectively. The second factor is the wage given same labor quality and education, we find that the wage in Thailand is higher than that in Vietnam, Indonesia, and Philippines. Thai average labor productivity is higher than those of Vietnam, Indonesia and Philippines. However, it is less than those of Singapore and Malaysia. The third factor is investment supporting policies. They are different in each countries because each country supports in each industry. The last factor is the competency of country. Singapore has the highest level of competency because of good management compare with Malaysia, Thailand, Philippines, Indonesia and Vietnam.

Based on the quantitative analysis, the result indicates the difference in economic fundamentals affecting the Foreign Direct Investment. In addition, the descriptive analysis shows that each country has distinguish attraction. For example, Thailand has abundant resources. Vietnam and Indonesia have low labor costs due to labor abundant. Singapore has strategic sea port for transportation. Malaysia and Philippines are english speaking countries. Therefore, the government should encourage educational development in order to increase labor productivity. In addition, the investment supporting policy should be support types of industries which have more competitive advantage.

Student's signature

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