

Apirat Chitchuay 2011: The Factors Determinant Foreign Direct Investment in Thailand.

Master of Economics, Major Field: Economics, Department of Economics.

Thesis Advisor: Assistant Professor Arunee Punyasavatsut, Ph.D. 120 pages.

The objective of this research is to study factors affecting foreign direct investment (FDI) in Thailand. The study has two parts. The first one is descriptive analysis about the overviews and structures of FDI. The other is the quantitative analysis that studies factors which influence FDI. The Johansen-Juselius cointegration technique is employed to investigate the long run relationship among variables.

The descriptive study found that FDI increased during 1979-1998. Reaching its highest in 1998. During 1999-2000, FDI dramatically decreased because of the economic crisis. Afterwards, the FDI increased during 2001-2009. During 2008-2009, the FDI declined. Focusing on FDI classified by industries, it is found that industries, banking business, movable property, trade, investment and holding company have most investment-share respectively. Industrialized investment machine and transported appliance, industrialized electric equipment, industrialized metal, and non-metal have most investment-share respectively. Focusing on FDI classified by originated-countries, it is found that the most investment is from Japan, ASEAN countries, the European Union, and USA respectively.

The quantitative analysis found that , ratio of private consumption, investment and government consumption per GDP, accumulated public investment are statistically significant. They have positive relationship with FDI. The minimum wage rate of Bangkok and assembly has negative relationship with FDI significantly. Moreover, it is found that FDI and its determinants have long-run equilibrium relationship. Finally, the policy implication is that the government should implement policies that encourage the factors influencing FDI.

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