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THITIWAN SRICHAROEN : DETERMINANT OF FOREIGN DIRECT INVESTMENT FROM
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The objective of this thesis is to study the determinants of foreign direct investment from Thailand to China, including the pattern of FDI and investment opportunities in China. This was done by interviewing 15 companies that had invested in China. This study is divided into 3 sectors, namely; the agricultural sector, the industrial sector and the service sector. The study period started from 1978 when the Chinese economy was opened for foreign investment.

It was found that there were 3 main determinants of the Thai investment in China, namely; ownership-specific advantage, internalization advantage and location-specific advantage. The ownership-specific advantage was important in the case of feedmill industry, energy industry, beer industry, automobile industry and furniture industry. All of these industries had comparative advantage in production because of their high technology. The internalization advantage was found in the case of transform bran-oil industry. The location-specific advantage, especially the ample resources of China was found in the case of furniture industry and melamine industry. The size and expansion of the Chinese market were the main determinants in the case of petroleum industry, automobile industry, beer industry, consumer product industry, castor-oil industry, banking and retailing business. And the government policy was the main determinant for energy industry.

The important patterns of FDI from Thailand to China were the equity joint venture, contractual joint venture and wholly foreign-owned enterprises. The opportunity for investment was increasing in the industrial sector, but there was also high risk. The opportunity for investment in the agricultural sector was high because Thai investors had a better knowledge and the Chinese government had a specific policy to support the sector. And the opportunity for investment in the service sector was low because of high competition and high risk.

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