

ABSTRACT

Thesis Title : The Impact of Japanese Direct Investment in Thai
Industrial Sector on Exports to Japan

Student's Name : Miss Rawadee Rattananubal

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Advisor Committee :

1. Assoc. Prof. Dr. Kesorn Homkashorn Chairperson
2. Assoc. Prof. Ati Thaiyanan
3. Mr. Tumnong Dasri

Foreign investment becomes increasingly important to developing countries. This is no exception to Thailand, which requires not only investment funds but also technology so as to pave way to become industrialised country. To achieve this target, Thai government has passed various regulations and measures, one of which is the promulgation of the Investment Promotion Act. B.E. 2503 (1960) to attract foreign investors to invest in Thailand. Of those countries engaged in Board of Investment (BOI) promoted investment, Japan has been the top investor, followed by Taiwan and the United States. Along with the Act, the government also launched the first National Economic and Social Development Plan in accordance with the changing nature of Thailand's industry from import-substitution to export-oriented industry.

The purpose of this study on “The Impacts of Japanese Direct Investment (FDI) in Thai Industrial Sector on Exports to Japan.”, is to investigate the impact of Japanese FDI on Thailand’s industrial exports to Japan. The research methodology is based on econometric model by exploiting Ordinary Least Squares estimation technique on data from 1980 to 1995. In this study, industrial products are classified into four categories, namely, labour-intensive industries, hi-tech industries, agro-industries and other industries.

The result of the study is that the Japanese FDI has a strong positive impact upon the exports of labour-intensive industries and those of the hi-tech industries. However, the impact on the exports of the remaining categories is benign.

As a consequence, it is strongly confirmed from this research that Thailand has a definite direction and policy of future industrial development (particularly in labour-intensive industries and hi-tech industries) by giving high priority to the expansion of both scope and scale of the export-oriented industry.