

ABSTRACT

Thesis Title : Determinants of Foreign Direct Investment from Japan in
Thai Electronics Industries

Student's Name : Mr. Anusak Supaporn

Degree Sought : Master of Economics Academic year 1996

Advisor Committee :

1. Assoc. Prof. Dr. Kesorn Homkashorn Chairperson
2. Mr. Boontham Racharak
3. Mr. Komol Prachkatunyou

The electronic industrial sector plays a significant role in Thailand both in terms of consumption and exports. But due to Thai's electronic industries receive a lot of investment from Japan. Therefore the objective of this thesis is to study the factors that determined direct investment from Japan.

The analysis is made in both descriptive and quantitative method by means of gathering information from various functions of both public and private enterprises. The descriptive method is to learn about its characteristic and structure of electronic industries. Where as quantitative method is to find out about interrelation between its factors and the amount of foreign direct investment. The quantitative method is performed by means of the econometrically by means of multiple regression and ordinary least square estimation.

From this analysis, it was found that there were many factors that determine the Japanese direct investment on Thailand's electronic industrial sector.

These factors were namely; gross domestic product of Japan, the amount of Thailand electronic industrial export in previous year, the one month London Interbank offering rates, minimum labour wage in Bangkok and its metropolis and the foreign exchange rate in previous year.

The Japan gross domestic product of the previous year was interrelated to the amount of electronic industrial investment from Japan with its statistical confidence of 99 %. Therefore if Japan gross domestic product rose this year by one billion yen then Japan direct investment in Thailand would be increased by 13.35 million baht in the next year.

The amount of Thailand's electronic industries export was interrelated to the amount of investment in electronic industrial sector from Japan and it has statistical confidence of 99 %. Therefore if Thailand's export rose by one million baht then direct investment from Japan would be increased by 0.36 million baht.

The London inter bank offering rate of interest was interrelated with foreign direct investment in electronic industries from Japan and with a statistical rate of confidence up to 99%. A rise in the interest rate by 1% meant an increase of 1.51 million baht in direct investment to Thailand.

The minimum wage level in Bangkok and its metropolis was 99% interrelated to Japan direct investment but in an opposite direction. If the minimum wage rose by one baht then direct investment from Japan would be decreased by 7.11 million baht.

The foreign exchange rate in the previous year between Japanese yen and Thai baht was interrelated with the direct investment. A change in exchange rate led to an increment of 2.47 million baht in direct investment.