

Thapawee Srisooksomwong 2007: The Comparison of Domestic Investment and Foreign Direct Investment Effects on Thailand's Chemicals and Chemical Products Industry Growth. Master of Economics, Major Field: Economics, Department of Economics. Thesis Advisor: Associate Professor Chiraphan Kuladilok, M.Econ. 161 pages.

The chemicals and chemical products industry is an important industry on Thai economic system. A key factor that boosts up the growth of the industry is the investment, both domestic and foreign direct investment. The objectives of this study were to study about general environment in this industry and to compare between the effects of domestic investment and foreign direct investment on Thailand's chemicals and chemical products industry growth and balance of payment that study total foreign direct investment and from three countries, The United States of America, Japan and Singapore. This study used the annual secondary data from the period of 1988 to 2005. A quantitative analysis by multiple regression models were used to compare the effects of both investments on Thailand's chemicals and chemical products industry growth, whereas descriptive analysis prescribed general environment and the effects of both domestic and foreign direct investment on balance of payment by collecting the information from related documentary and organizations.

The result of the study indicated that domestic investment had a stronger effect to the growth of Thailand's chemicals and chemical products industry than foreign direct investment for all studied countries. For the result of the effects of both domestic and foreign direct investment on balance of payment indicated that domestic investment had negative effect to balance of payment in the part of trade balance but the deficits trend to be lower, whereas foreign direct investment had positive effect to balance of payment in the part of capital movement account for all studied countries.

So to make the growth continuously of Thailand's chemicals and chemical products industry, the Thai government should design and establish policy that support to domestic investment dual to assign the measures for inducing foreign direct investment funds particularly foreign direct investment in upstream and intermediate chemical industries which used high funds and technology. All this could reduce to depend on high import content from foreign countries and could effect on the better trade balance of Thailand.

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