

Abstract

This study aims to study the linkage between international trade and investment of Thai firms by collecting the detailed data. We synthesize the survey based on the gap analysis where we compare the ‘new’ new trade theory and international production networks with survey data from many organizations in many aspects, e.g., trade, investment, R&D. The result from the gap analysis shows that the Thai data are not well-connected, especially trade and investment.

Our synthesized survey composed of nine sections covers general information about the firm, production processes, employment, R&D, firm performance, trade, investment, risks and sources of funds. The 137 firm-level data are randomly selected from the Stock of Exchange of Thailand listed companies. Some of the data are adjusted to match questions in the survey in order to represent some of the firm heterogeneities.

The results from the data visualization show that the international trade and investment are negatively related, i.e., firm with high level of investment tends to have low foreign sale. This relationship is found in almost every sector we study. On the other hand, we find the positive relationship between international trade and firm performance, which is consistent with the literature. However, there is no clear relationship between investment and firm performance, except in AGRO and CONSUMP. When added the international trade experience or foreign sale in the previous year, all three relationships become more visually observable.

In addition, we also show that listed Thai firms also exhibit strong heterogeneity in many dimensions when comparing firms with and without international trade. This is also consistent with the “Heterogeneous Firm Models” literatures.

When consider the production fragmentation based on the international production network and global value supply chain theories, we find no firms that solely operate in Thailand whose are purely Thai-invested. Firms that are foreign-invested are concentrated in INDUS sector, but there is only small number. For the parent companies in SET with foreign production network (thru subsidiaries and/or affiliates), we find that the setting up the

subsidiary is the mode of choice comparing to setting up the affiliate, and the parent companies are likely to have the complete control over the network. This is seen in AGRO, INDUS, RESOURC and TECH sectors.

In addition, we find that the firms' outward investment in terms of setting up subsidiaries and/or affiliates is positively related to the firms' international trade experience. That is, firms with international trade are likely to have subsidiaries and/or affiliates in other countries. This indicates that the international trade and outward investment might be complementary to each other.

Hence, the results from this study shows that to understand and be able to explain the linkages or relationships between international trade and investment as well as other dimensions, the detailed firm-level data are important and urgently needed. We hope that by synthesizing our survey questionnaire, if it is collected by authority, the survey data will help future research in answering many theoretical and practical policy questions.