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FOREIGN DIRECT INVESTMENT  
AND THAILAND'S ECONOMIC GROWTH SINCE THE 1970'S

A thesis submitted in partial fulfilment of the requirement for the degree of  
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## ABSTRACT

Foreign direct investment in Thailand plays a critical role in narrowing the gap between inadequate domestic savings and investment. Domestic production is able to create extremely high economic growth by increasing domestic and foreign demand.

The foreign direct investment is determined by various variables. The most significant determinants are market factors such as the gross domestic product. Cost factors, and investment incentives such as the wage gap between Thailand and the investing countries, and natural resource endowments are found to be significant attractions to foreign direct investment from some sources and in some sectors. At the same time, barriers such as the tax burden and the political risk are not sufficiently significant explaining the patterns of foreign direct investment in Thailand.

As far as the sources of growth are concerned, there are differences in the contribution to economic growth of export growth, domestic demand and investments from different countries. The investments from the United States and European Community countries do not precisely support the export growth, while the investment from Japan and Asian NIC's show stronger signs of contributing to the export growth in industries which have the comparative advantage.