

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

This article focuses on the development of China's foreign investment in Thailand. Since the late 1980s, China's investment in Thailand has continued to increase. According to statistics, since the beginning of 1987, there have been 347 investment projects by Chinese investors in Thailand with a total amount of 116,724 million baht. Judging from the scope of industries covered by the project, Chinese investors invest more in agriculture, followed by machinery manufacturing, followed by chemical industry, textile industry and electrical industry. The total number of projects involving minerals and services investment is relatively small. However, when the amount of investment is used as a measure, the amount of investment in the mineral industry is the largest, followed by the investment in agriculture, and the investment in several major industries has changed. Overall, Chinese investors tend to invest in agriculture in Thailand because Thailand has regional natural conditions and labor advantages that can provide better development for agriculture.

Since the international financial crisis in 2007, the industries in which Chinese companies invest directly in Thailand have mainly concentrated on metal products, machinery and service industries, especially in metal products and machinery, which have developed rapidly in recent years. Due to the diversity and dispersion of FDI industry in Thailand, especially in 2008-2014, Chinese companies invested more in metal products in machinery, electrical and electronic products, in terms of the number of projects and the amount of money, followed by agricultural products. . The number and amount of Chinese companies investing in Thailand are constantly increasing. Currently, most of the Chinese companies investing in Thailand are mainly concentrated in SMEs that do not exceed 500 million baht in investment.

This paper uses the Granger causality test of China's direct investment in Thailand from 2003 to 2014 to prove that China's FDI has significantly promoted the growth of Thailand's GDP, and that a 1% increase in China's direct investment in Thailand will lead to a 0.023498% increase in Thailand's GDP.

From the geographical classification analysis, Chinese investors tend to invest in Thailand's second region. This is related to the geographical advantage of the region. The region's natural environment is relatively good, its geographical advantages are obvious, its infrastructure is relatively complete, and its convenient transportation is

conducive to trade and transportation. The area that is least welcomed by Chinese investors is the first area. The basic cost of this area is high, and the manpower cost is relatively high. Compared with the other two regions, the political preference is less, so the attraction of foreigners is relatively small. Considering the basic cost, human resources, and various institutional advantages, Chinese investors have more choices for investing in enterprises in the second and third regions.

Using the Granger causality test, we concluded that Chinese companies' investment in Thailand has led to the development of Thailand's economy. China's FDI to Thailand has important economic significance. It has not only promoted GDP growth in Thailand, but also solved local employment pressures to a certain extent, enhanced overall asset inventory, stabilized its international trade market, and promoted the progress and market of Thai technology. Changes in the system.

5.2 Recommendation

For investment in China, before entering the Thai market for investment, it is necessary to strengthen understanding of the market conditions, relevant policies, cultural customs, and social habits of the region. On the basis of familiarity, conduct judgments and analysis to determine the investment plan. For example: invest in Thailand by choosing a locally suitable industry for development.

In the management of Chinese investor-invested enterprises, Thailand needs to strengthen its institutional and policy standards, address problems arising in the course of trade, promptly contain it, and reasonably safeguard the common interests of both parties. China's FDI in Thailand can promote Thailand's economy. The Thai government should also encourage preferential policies to encourage Chinese companies to invest.

The Thai government needs to combine its own market conditions and scientifically use foreign investment to achieve product optimization and market structure optimization and enhance market competitiveness. In the competition and cooperation with foreign companies, we will continue to give play to our own strengths and learn from advanced technologies and management skills from abroad to enhance our own vitality. For foreign companies with advanced industries and advanced industries, the government needs to increase policy encouragement, attract foreign investment, actively study international examples, and make more reasonable use of foreign capital. In the process of utilizing foreign capital, the government needs

to strengthen its control capabilities, while safeguarding benefits of both sides, achieving a win-win situation, and reasonably absorbing the beneficial aspects brought about by foreign investment and avoiding its impact on the ecological environment.

Actively introduce preferential policies. The industries in which Chinese companies invest directly in Thailand are mainly concentrated in metal products, machinery and service industries, especially in metal products and machinery. This may be because production in Thailand is more advantageous than China. Secondly, Thailand is a developed service industry and tourism industry. The country has a large number of tourist visits each year. Chinese companies invest in Thailand to invest more in the service industry. Therefore, the Thai government should actively launch some more preferential policies or cancel some factors that may bring disadvantage to the Chinese business, such as: Simplification The examination and approval procedures, the shortening of the examination and approval time, and the active tax cuts have increased the investment in the industry in order to attract more Chinese companies to Thailand. In particular, manufacturing companies and industries that need to import and export, such as light industry and textile industries, Chinese companies in the chemical products/papermaking and plastics industries, and metal products/machinery and transportation equipment, etc., have comparative advantages. Currently, in these areas, the competitiveness of the industry in Thailand is not yet very large. Coupled with Thailand's superior geographical location and the important transportation routes linking multiple regions and countries, Chinese companies that choose to invest in Thailand can enjoy better incentives than other ASEAN countries to promote investment. Policies, production of cheap products, and exports to other ASEAN countries, but also save time to transport, but also can save costs, for Chinese companies to obtain more profits.

Improve the investment environment. The first district is the capital city of Bangkok and its neighboring cities. Due to the high rents in the first district, high labor costs, lack of natural resources, and less favorable investment policies, Chinese companies are relatively less likely to invest in the first district. Therefore, in these areas, the Thai government should add some preferential policies, such as relaxing some of the import tariffs on machinery and equipment and import tariffs on raw materials, etc., to attract more Chinese companies to invest in Thailand's first district. In addition, Thailand should further increase its economic openness on the basis of continuous economic development, reduce the cost of business operations of foreign companies in Thailand, improve the establishment of some systems for attracting foreign investment, and upgrade their investment in ASEAN countries. With regard to

its competitiveness, it will use foreign capital to better serve its own economic development, promote its own technological level and transform its industrial structure.

Pay Attention to Industrial Structure Adjustment. After FDI inflows into Thailand, most of them flowed into the industrial and construction industries, and they flowed into the service industry and agriculture. There was little related to Thailand's policy to actively develop industries and make up for the weaknesses of its industrial base. On the other hand, it related to Thailand. Restrictions on foreign investment in the open sector are relevant. From the above analysis, we can also see that the impact of foreign direct investment on Thailand's agriculture and service industries is also obvious, but the impact on the tertiary industry is not obvious, although the development status of this stage is The upgrading of Thailand's industrial structure has had a significant effect, but the adverse impact of the excessively rapid industrial development on the Thai environment is also reflected. While Thailand's emphasis on the development of industry, it must also see the importance of the tertiary industry, making inter-industry relations. Get balanced development. The Thai government must enrich and diversify the fields and industries that attract foreign investment, and guide the direction of foreign direct investment through policies, such as heavy industries, machinery, metallurgical industries, use of natural resources, and industries that are prone to polluting the environment. We will give policy support to the social services, education, R&D and other industries, promote the development of the secondary industry together with the tertiary industry, diversify and optimize the industrial structure, and create a healthy industrial production chain.