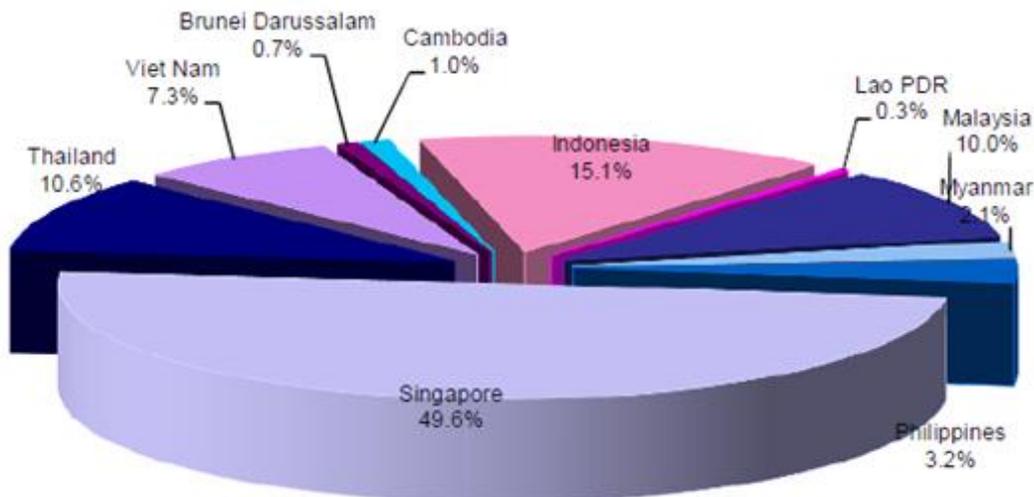


Foreign Direct Investment (FDI) continues to expand cash flowing into Thailand in 2013.

Foreign direct investment (FDI) into the ASEAN countries known as ASEAN 5 namely Indonesia, Malaysia, Philippines, Singapore and Thailand, has been increased in 2013. It was noticed that Singapore received the biggest share of the region's FDI in 2013 at almost 50%, followed by Indonesia at 15.1%, Thailand at 10.6%, Malaysia at 10% and Philippines at 3.2% (see graph 1 below). As be known, Foreign Direct Investment (FDI) is necessary for developing countries. Investment incentives focus on investment promotion and liberalization as a policy measures for attracting investment. Moreover, expectations for sustained growth for foreign direct investment (FDI) were driven by greater domestic demand momentum and domestic consumer-oriented industries namely food, IT, tourism, finance, ect.

Graph 1: Recipients of ASEAN FDI inflows, 2013



Source: ASEAN Investment Statistics Database based on Member States' submission, as of 30 July 2014

Overall FDI inflows for the period 1995 – 2013 grew at an average rate of 8.5% per year. FDI inflows into the region peaked in 2000-2013. FDI inflows into ASEAN in 2013, reached US\$122 billion, with extra-ASEAN inflows contributing more than 80% to the total inflows (at US\$101 billion). The level of intra- and extra-ASEAN FDI in 2013 have increased nearly fivefold of the level in 1995. (see figure 1 below)

Looking ahead, from now on ASEAN countries become a competitive and attractive region for investment. Fluctuative foreign investment will impact in the long term for hire, consumption and export, and at the end will have an effect to Gross Domestic Product (GDP) directly. Almost all of measures regarding investment policy still strengthen towards investment supporting and liberalization. As for upcoming integrated to be ASEAN as a single market and production base, which would comprise the free flow of goods, services, investment, capital, and skilled labor, FDI inflows are expected to increase over the next three years both in East and Southeast Asia.

Figure 1. Average Annual Growth Rates of Intra- and Extra-ASEAN FDI Inflows, in percent

FDI Inflows	1995-2000	2000-2013	1995-2013	Ratio 2013/1995
Total	 -5.0	 14.2	 8.5	4.3
Intra-ASEAN	 -23.5	 24.6	 8.8	4.6
Extra-ASEAN	 -2.2	 12.9	 8.5	4.3
Very high (>15%)				
High (10-14.9%)				
Fairly High (5-9.9%)				
Low (0-4.9%)				
Declining (<0%)				

Source: ASEAN Investment Statistics Database based on Member States' submission, as of 30 July 2014

Overall foreign direct investment in Thailand was likely to rise slightly. It was noted that FDI inflows of US\$13 billion last year, although many FDI projects were shelved due to domestic political instability. This was due to a boost from consumption incentive schemes as well as tax measures for the investor incentive. Thailand is one of the country formally adopted a strategy of "going ASEAN" as well as focusing more exports toward the Asian market. In addition, Thailand has the competitiveness of location as location-based incentive surrounding with neighboring countries. The investors from Intra- and Extra-ASEAN can take an advantage of Thailand's location. It's easy availability of raw materials, labor, power and other resources help to reduce costs of production.
