

Preface

The attraction of foreign direct investment has been an important factor in the developing process of developing countries throughout the world. In the course of liberalization of international trade and capital flows foreign direct investment increased with two-digit growth rates over the last decades. International production became the dominant expression of economic globalisation. The fall of the Iron Curtain and the opening of several formerly closed economies to the world market once again pushed international investment and international production of multinational firms. However, this also intensified the international competition of nations to attract foreign investment. Also countries like Thailand and others with a long tradition as host countries for foreign direct investment have to adapt their policy to optimize their investment promotion activities. Although there is a large volume of literature analysing the reasons why firms engage in other countries and on the impact of foreign direct investment on the host country there is only limited research on the role of investment promotion in order to attract foreign direct investment, one of the main topics of this study.

This study offers a serious discussion of the impact of foreign direct investment on the development process and the role of the investment promotion activities in Thailand. The study becomes even more important for policy advice by a comparative analysis of experiences from the promotion activities of other developing countries. The empirical investigation of European investment in the Thai manufacturing industry offers a wealth of information on motives of investors and their rating of location factors and investment incentives. The empirical investigation of linkages with the local industry yields profound information and enlarges our knowledge on a topic where – due to limited empirical research - more or less nebulous views and speculation exist.

I hope that this valuable contribution to the literature on foreign direct investment and investment promotion will not only be of scientific interest but also helps to optimise the foreign investment promotion policy in practice.

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