

# [Political economy and foreign direct investment (fdi)](https://assignbuster.com/political-economy-and-foreign-direct-investment-fdi/)

“ In this increasingly open world, FDI has become an important driving force for economic globalisation”. (Xinhua News Agency, 2002) It can be supposed that FDI is fine and essential for the development of Thailand. FDI is regarded as a source of power in the globalisation process that sets apart the modern world economy. The process has reduced the value of territorial boundaries and every area of the world is in single way or another engaged in the process (FAOSTAT, 2005). The region should thus raise its international share of FDI. The supposition is based on the possibly incontrovertible roles that FDI can play in the growth of the region.

This justifies the anxiety about the call for and ability of the region to increase its international share of FDI inflows. Economy of Thailand “ Thailand is considered to be fastest growing economies in South East Asia. It experienced a boom in the mid 1980s, which continued up until the 1997 Asian financial crisis, in which Thailand’s currency, the baht, virtually collapsed. Thailand has recently experienced steady, reasonably balanced growth, with healthy contributions for private consumption, investment and exports“.

(Neher, Clark D) Agriculture Agriculture plays a very important role in Thailand’s economy, employing about 50 per cent of the workforce. Thailand is one of the world’s largest producers of rice. However, the significance of agriculture is declining. The manufacturing industry employs about 20 per cent of the workforce and continues to grow. The clothing, footwear, electronics and consumer appliances industries are particularly strong. Growth in manufacturing has led to an expansion of the services industry, which now employs about 30 per cent of the workforce.

A large number of these workers are employed in Thailand’s large tourism industry, which provides the country’s main source of foreign currency. Bangkok also plays an important role as an international air and sea port for trade.