

THE DYNAMICS AND DETERMINANTS OF FOREIGN DIRECT INVESTMENT IN SELECTED ASEAN COUNTRIES

Author **Maciej Gawrysiak**

N/A [ORCID: 0000-0001-9945-9580](#)

Author **Aleksandra Mazur-Pietrzak**

N/A [ORCID: 0000-0003-0061-7273](#)

Author **Sebastian Stępień**

N/A [ORCID: 0000-0001-9475-8418](#)

Abstract:

One of the goals of economic integration is to open the economy to the outside and attract investors who, through their expenses, stimulate economic growth. An example of such a mechanism is The Association of Southeast Asian Nations - ASEAN. Founded in 1967, the organization now brings together 10 countries. Over 50 years of operation shows the significant impact of closer cooperation on the level of foreign investment. It was particularly significant in this context to implement the ASEAN Investment Agreement - AIA Council and the Free Trade Area ASEAN - AFTA (1992). Integration of a single market helped to create a dynamic process of free movement of goods, services, and free flow of capital and, as a result, attracted more foreign direct investment (FDI). A dozen or so years later, foreign investment is still clearly increasing, contributing to the region's growing importance in the world. The aim of the article is to present the level and dynamics of FDI stock in the years 2007-2017 in five selected ASEAN countries - Indonesia, Malaysia, Myanmar, Philippines and Thailand. Investment determinants were also determined, using panel analysis. A set of explanatory variables are economic variables: average wages, consumer spending, government expenditure, unemployment level; social: Human Development Index HDI; infrastructural: dynamics of growth in the value added of industry and access to electricity. Model results show a positive correlation between the size of investment and both types of expenditures, HDI ratio and infrastructure development. On the other hand, the positive relationship between the wage level and the negative one for the unemployment level are surprising.

Keywords: *foreign direct investments, determinants, panel analysis, ASEAN countries*

JEL codes:: *E22, F21, O53, C23*