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The Study of Foreign Direct Investment from Taiwan to Thailand

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ABSTARCT: This study aims to comprehensively analyze the significance of Foreign Direct Investment (FDI) in driving economic development, specifically focusing on Outflow FDI from Taiwan to Thailand. To accomplish the objective of this study, it employed a strategic approach integrating various models and utilizing statistical testing procedures to investigate the data over an 11-year period from 2012 to 2022. The findings underscore the significant impact of FDI on Thailand's GDP and PI, while also revealing the intricate effects stemming from both internal and external factors as incentives for investment, resulting from policy promotion. Moreover, this research holds value for researchers exploring economic relationships, assists policymakers in identifying trends, opportunities, and challenges, and provides insights for future considerations and proactive measures.

KEYWORDS: Exchange Rate, Foreign Direct Investment, Policy and Production Index

1. INTRODUCTION

Taiwan has emerged as Thailand's fifth-largest trading partner in 2023, with substantially increasing investments, especially in the technology sector such as electronics. The evolving relationship between Thailand and Taiwan, along with future collaboration opportunities, is likely to garner academic interest. Hence, this study focuses on investigating the impact of outbound FDI from Taiwan, which serves as a pivotal factor in the research agenda accompanied with the implementation of New Southbound Policy in 2016. Thailand's burgeoning reputation in automobile manufacturing has attracted tremendous investment leading to be an attractive destination for Taiwanese industrial relocation due to its growing manufacturing capabilities, skilled workforce, and supportive government policies. This has led to a remarkable growth in FDI in the electronics sector, particularly in semiconductors, reaching record levels in 2021. FDI serves as a catalyst in stimulating economic growth, directly impacts manufacturing production, trade efficiency, and ultimately enhancing national income and quality of life.

Moreover, the study intents to explore the determinants of Thailand's economic growth and identify opportunities and challenges for deeper economic collaboration between the two nations in order to enhance mutual benefits while establishing this relationship together.

This study delves into the intricate economic relationship between Thailand and Taiwan in economic performance, aiming to unravel the interplay between Foreign Direct Investment (FDI), the Production Index, and Gross Domestic Product (GDP) in Thailand. By examining the impact of Taiwanese FDI on Thailand's economic indicators, such as the Production Index and GDP, it seeks to provide insight into the transformative effects of Taiwan's investment in Thailand's industries and uncover new avenues for future economic cooperation. The research addresses key questions regarding the influence of Thailand's Production Index fluctuations on GDP growth and the reciprocal effects of Taiwanese FDI on both economic indicators. Insights from this study hold significant relevance for policymakers, investors, and stakeholders in both countries, offering guidance for strategic decision-making and fostering closer economic ties. Additionally, the study considers external factors like exchange rates and inflation rates in Thailand that may indirectly affect these economic dynamics.

2. LITERATURE REVIEW

Firstly, to provide additional substantiation for the relationship between Foreign Direct Investment and the Production Index, Dua and Rashid (1998) investigated the dynamics between FDI and economic activity, specifically measured by the industrial production index, in post-liberalization India. Their methodology involved employing Granger causality tests. The findings of the study proposed that FDI exhibits a responsive pattern following the level of industrial production. Moreover, Vijayakumar (2010) applied panel data analysis to scrutinize the indicators of inbound foreign direct investment in the BRICS nations spanning the years 1975 to 2007. The analysis reveals that variables, particularly, industrial production and the inflation rate exhibit a significant impact on FDI inflows into the BRICS nations by acting as crucial incentives for attracting foreign direct investment, highlighting the

significance of maintaining currency stability to stimulate interest in FDI. However, the results are uncertainty. Ranjan and Agrawal (2011) investigated the influence of FDI on various production indices across a dataset encompassing 46 Asian countries from 1991 to 2018 by applying OLS, POLS, 2SLS, and GMM models for testing. The results indicated positive correlation of some indices in all models while the relationship with other indices varies across different models.

It is hypothesized that the production index serves as an indicator not only of economic performance but also of Gross Domestic Product (GDP). Therefore, this study aims to further elucidate this implication by exploring the correlation between FDI and GDP, as well as examining the intimate relationship between GDP and the production index (PI). Overall results from many studies indicated that the FDI had a positive impact on GDP. As Wattanakul (2017) mentioned that there have been in-depth investigations conducted by Balasubramyam, Salisu, and Sapsford (1996), who regarded Foreign Direct Investment as a factor with the potential to positively impact GDP. They conducted these studies across 46 countries, examining the use of export-promotion and substitution strategies. Furthermore, Borensztein et al.

(1998) employed a regression framework, utilizing FDI flows from industrialized nations into 69 developing countries.

The findings revealed that FDI exerted a more significant influence on economic growth compared to domestic investment. However, a positive impact was discernible only in instances where there existed sufficient adsorptive capability in advanced technologies in host countries besides, Borensztein, Gregorio, and Lee (1998) observed that the influence of FDI on economic growth varied depending on changes made to the level of human capital within the host economy. With the priority in research on GDP in Thailand, it has predominantly focused on identifying the determinants of economic growth. To provide proven diversity, Rehman et al. (2017) studied the relationship between livestock production in Pakistan's agriculture and agricultural GDP from 1980 to 2015 by utilizing OLS and ADF test, complemented with Johansen co-integration test. The results revealed an uncertainty to exhibit positive correlations in each livestock production type, so it depended on the specific kind of livestock.

Beside to these main factors above, it is important to explore to external factors, such as exchange rate and inflation rate, which are considered as potential factors to influence indirectly on economic performance. In this study, it examined the influences of exchange rate and inflation on GDP and FDI which played crucial roles in economic performance. For GDP, most studies indicated that there is a negative correlation with GDP, for example, Aziz and Azmi (2017) utilized the Ordinary Least Squares (OLS) and Augmented Dickey-Fuller (ADF) tests to examine the relationship between GDP growth and various factors, including inflation rate and FDI in Malaysia. The findings revealed a negative correlation between inflation and GDP growth. However, there is a study that presents results contrary to the aforementioned findings. Semuel and Nurina (2014) investigated the impact of inflation, interest rate, and exchange rate on economic growth, measured by GDP. The study indicated that inflation does not exert a significant influence on GDP when compared to other factors, whereas it revealed that exchange rate had a significant affect to GDP. With the support of Attah-Obeng et al. (2013), they investigated the relationship between GDP growth rate and exchange rate in Ghana for the period 1980 to 2012 by employing Pearson correlation to test the correlation and estimating through simple linear regression. The findings provided clear evidence indicating a positive relationship between GDP growth rate and exchange rate in Ghana. Additionally, Adeniran et al. (2014) explored the relationships between the exchange rate and economic growth in Nigeria during 1986 to 2013 with the same methods. The results also revealed that the exchange rate has a positively significant impact on economic growth, measured by GDP.

Currently, limited research has explored the interrelationships between Thailand's Production Index, GDP, and FDI from Taiwan. This study aims to bridge these gaps in the literature through a focused analysis specific to Thailand's economy in order to enhance understanding of regional economic dynamics. According to OECD (2023), collaboration with institutions and international organizations can drive OFDI growth and aid in relocating labor-intensive enterprises. This approach not only benefits Thailand's economy but also guides policymakers in effective policy implementation. Taiwan consistently emerges as a significant contributor to FDI in Thailand. Researchers, such as Chang and Wu (2020), have delved into the motivations and trends associated with Taiwanese FDI in Thailand. Their findings underscore the critical factors of Thailand's strategic location, skilled workforce, and favorable investment policies in attracting Taiwanese investors (Chang and Wu, 2020). Based on the related study, there still have some implementations to explore more in economic factors according to the policies and government support, which leads to stimulate economic activity, by investigating OFDI from Taiwan to Thailand and exchange rate (TW/THB) whether it is involved in policy promotion between nations or not.

3. VARIABLES AND HYPOTHESIS

Data are sourced from authoritative reports by institutions such as the World Bank, Trading Economics, Bank of Thailand (BOT), Board of Investment of Thailand (BOI), and the Department of Investment Review within the Ministry of Economic Affairs, R.O.C of Taiwan. The analysis will involve two distinct datasets: monthly data spanning a decade (2012-2022) and quarterly data covering a forty-four period (2012-2022). The variables are scrutinized across the fiscal year from January to December. This period captured the fluctuations in each factor, offering insight into their influence on Thailand's economic activity, particularly in terms of economic

growth. Given the study's focus on Thailand, primary reliance is placed on Thai organizations' databases, supplemented by credible sources from Taiwan.

The examination of outward FDI from Taiwan on Thailand's production activities, as reflected in the Production Index, holds significant importance within the broader economic context. GDP serves as a crucial indicator for assessing economic activity across consumption and production sectors. The intricate relationship among FDI, PI, and GDP is evident in the detailed analysis of Thailand's economic growth and overall performance. External factors such as inflation and exchange rates, which transcend national boundaries, also play influential roles in Thailand's economic landscape. While their effects may not be immediately apparent, various studies indicate their impact on both GDP and FDI. This underscores the interconnectedness of economic indicators and emphasizes the need for a comprehensive understanding of both domestic and international factors in evaluating Thailand's economic performance.

Table 1 Types of Variables

Dependent variables	Independent variables
FDI from Taiwan to Thailand	Inflation rate (Thailand)
GDP and growth in Thailand	Exchange rate (TW/THB)
Thailand's Production Index	

Source: From this research

Table 2 Hypotheses Summary

Number	Hypothesis
H_1	There is a positive correlation between Foreign Direct Investment and Gross Domestic Product of Thailand.
H_2	There is a positive correlation between Foreign Direct Investment and Production Index of Thailand.
H_3	There is a significance between Production Index of Thailand and Gross Domestic Product of Thailand.
H_4	There is a negative correlation between Gross Domestic Product of Thailand and Inflation rate.
H_5	There is a positive correlation between Foreign direct Investment and Exchange rate.
H_6	There is a significance between Foreign Direct Investment and Inflation rate.
H_7	There is a positive correlation between Gross Domestic Product in Thailand and Exchange rate.
H_8	The means for the two data sets of FDI according to New Southbound policy are not equal.
H_9	The means for the two data sets of Exchange rate according to New Southbound policy are unequal.

Source: From this research

4. RESEARCH RESULTS

The data collection process involves gathering monthly and quarterly data from 2012 to 2022. Monthly data includes the Producer Price Index (PI), exchange rate (TWD/TH), and inflation rate in Thailand from sources like the Bank of Thailand (BOT), and Trading Economics. Quarterly data covers Thailand's GDP and Foreign Direct Investment

(OFDI) from Taiwan, sourced from the World Bank, Board of Investment of Thailand (BOI), and the Department of Investment Review in Taiwan. In the research investigation, the data analysis phase assumes paramount importance. It involves meticulous examination of each hypothesis utilizing tailored methodologies. This analytical process aims to address the research inquiries and distill potential relationships.

In the provided tables, a comprehensive overview of the strength among variables is presented, as indicated by the model's R, adjusted R-square, and significance values. The model's R, known as the multiple correlation coefficient, reflects the linear correlation between the observed values of dependent variables and the predicted values of the model. These predictions are

represented by the best-fit lines or regression lines for GDP and FDI values. Following the establishment of these regression models, which explore the relationships between GDP and other influencing factors, as well as FDI with inflation rate and exchange rate, they are subject to evaluation using the adjusted R-squared metric. This metric quantifies the proportion of variance in observed dependent variables that can be explained by predicted independent variables. Additionally, significance tests for individual coefficients are conducted to further assess the models' validity and reliability.

Based on the tables below, an analysis of the model summary reveals the strength of the relationship between GDP and various variables, including FDI, PI, inflation rate, and exchange rate. Focusing on GDP as the dependent variable, the results from the Table 9 illustrate the R values obtained from testing the relationship of each independent variable with GDP value using a forward process with layers of PI, exchange rate, inflation rate, and FDI respectively. At a confidence interval of 95%, the analysis predicts a total R value of 0.513 for the Production Index (PI), corresponding to a yield of 26.4%. Furthermore, when considering both PI and exchange rate, the R value increases to 0.551, with a correlated yield of 30.4%. Including inflation rate to PI and exchange rate results in rising R value to 0.576, with a correlated yield of 33.2%. Notably, upon incorporating FDI into the forward regression model alongside the existing variables of exchange rate, inflation rate, and PI resulted in a substantial increase of over 500 points in R-square value with the correlated value of 0.925. It indicates that FDI has a strong positive correlation with GDP, enhancing the model's predictive power since the model can explain 85% of the variability of the GDP value.

Moreover, all four models were conducted under a 95% confidence interval, yielding significant p-values of 0.000, 0.007, 0.021, and 0.000, respectively—each below the conventional threshold of 0.05. This suggests that all generated models exhibit significant correlations with GDP value.

Table 3 Model Summary of GDP as Dependent Variable

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.513[a]	.264	.258	1.19853E5	.264	46.546	1	130	.000
2	.551[b]	.304	.293	1.16998E5	.040	7.421	1	129	.007
	.576[c]	.332	.316	1.15039E5	.028	5.430	1	128	.021
3	.925[d]	.856	.851	53,635.338	.524	461.846	1	127	.000
4									

a. **(Constant), PI** **c. (Constant), PI, Exchange rate, Inflation rate**

b. **(Constant), PI, Exchange rate** **d. (Constant), PI, Exchange rate, Inflation rate, FDI**

Source: From this research

For a more precise examination of each model, the stepwise process was adopted to assess the relationship between each independent variable and the dependent variable, GDP. This approach aimed to identify the model with the most influential independent variable. Results from the table below highlight FDI as the most influential independent variable on GDP, exhibiting a high correlation value of 0.924 and a correlated yield of 85.5%, with a significant p-value of 0.000 at the 95% confidence level.

Table 4 Model Summary of GDP as Dependent Variable

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.924[a]	.855	.853	53,259.01	.855	764.060	1	130	.000

Source: From this research

Alternatively, when investigating GDP growth as the dependent variable to delve deeper into the impact of independent variables, including exchange rate, inflation rate, and PI, on GDP growth, they were subjected to a stepwise analysis with no layer to elucidate their most potential influence on GDP. Models from Table 11 indicate Production Index (PI) and inflation rate as significant independent variables. In model 1, where PI is the independent variable, the correlation value (R) is 0.286, with a correlated yield

of 8.2% and a significant p-value of 0.001. Upon adding inflation rate in model 2, the R value increases to 0.365, with a correlated yield of 13.3% and a significant p-value of 0.007.

Table 5 Model Summary of GDP growth as Dependent Variable

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.286[a]	.082	.075	.921668	.082	11.600	1	130	.001
2	.365[b]	.133	.120	.899061	.051	7.620	1	129	.007

a. Predictors: (Constant), PI **b. Predictors: (Constant), PI, Inflation rate**

Reference Source: **From this research**

The table below illustrates the statistical data comparison across two time periods during the implementation of the "New Southbound" investment policy in 2016, following the ascent of the Democratic Party to power, which aimed to bolster investment in Southeast Asia. This analysis focuses on examining the Foreign Direct Investment (FDI) and exchange rate variables as part of the hypothesis testing accompanied with production index (PI) of Thailand as an involved influence, aiming to elucidate the impact of policy changes, given their direct correlation with the economies of Taiwan and Thailand.

The outcomes from Table 6 reveal a set of statistics encompassing the aforementioned variables, categorized into two distinct time frames: 2012-2016 and 2016-2022. Prior to the implementation of the policy, the average FDI value towards Thailand stood at 695.73 million USD, whereas post-implementation, this average notably surged to 1,102.50 million USD. This suggests a distinct disparity in the average FDI values between the two policy-promoting periods. Similarly, the average exchange rate pre-policy promotion was 1.0638, which saw an increase to 1.1015 post-promotion. In contrast, the average Production Index in pre-promotion was 111.61, which declined to 101.92 in post-promotion. In summary, the averages of both FDI and exchange rates tended to rise following policy implementation, while the average production index for Thailand experienced a decrease.

Table 6 Exhibits Groups of Statistics

	Policy issue	N	Mean	Std. Deviation	Std. Error Mean
FDI	0	48	695.727	71.08169	10.25976
	1	84	1102.501	185.50484	20.24024
Exchange	0	48	1.06382	.0291271	.0042041
	1	84	1.10147	.0584928	.0063821
PI	0	48	111.615	4.00383	.57790
	1	84	101.917	5.50284	.60041

Source: From this research

As per Table 7 below, the outcomes of conducting independent T-tests for FDI, exchange rate, and Production Index (PI) between two distinct periods, divided by the year of policy issuance in 2016, are presented in the form of Levene's test for equality of variances, and T-test for equality of means. These tests are carried out at a 95% confidence level to assess variations between the dependent and independent variables, thus establishing a control to ascertain significance. Results from the Levene's Test indicate that FDI and exchange rate exhibit unequal variances, as their respective p-values (0.000) are less than 0.001. Consequently, the null hypothesis of Levene's test is rejected, suggesting that the variances of FDI and exchange rate pre-policy implementation significantly differ from those post-policy implementations. Conversely, the p-value for PI is 0.232, exceeding 0.001, thus failing

to reject the null hypothesis and implying that the variances are assumed to be equal and the difference in variances of PI is insignificant.

Following the determination of variance assumptions through Levene's test, the T-test for equality of means is employed to assess the disparity in means between two groups of data, following assumed equality of variances. Based on the Levene's results aforementioned, the outcomes for FDI and exchange rate indicate unequal variances assumed between the two groups. The t-statistic for FDI and exchange rate is -17.926 and -4.927 respectively, with a p-value of 0.000 (less than 0.001). Consequently, the null hypothesis is rejected, implying that the means of FDI and exchange rate between the periods before and after promoting policy significantly different.

Furthermore, due to the negative t-statistic value, it implies that the mean of the second group is more than the first one, so FDI and exchange rate tend to increase after policy implementation. Despite assumed equal variances, the Production Index also yields a p-value of 0.000 (less than 0.001) at a significant level of $\alpha = 0.05$, with a t-statistic of 10.692. In other words, the mean of PI in first group is more than second group distinctly. Consequently, the null hypothesis is rejected, indicating that the mean of the PI before promoting policy significantly differs from that after promoting policy.

Table 7 Demonstrates the Independent Sample T-Test

		Levene's Test for Equality of Variances		T-test for Equality of Means			
		F	Sig.	t	df	Sig. (2tailed)	Mean Difference
FDI	Equal variances	27.417	.000	-14.573	130	.000	-406.77
	Unequal var.			-17.926	117.440	.000	-406.77
Exchange rate	Equal variances	17.936	.000	-4.170	130	.000	-.0376
	Unequal var.			-4.927	128.074	.000	-.03765
PI	Equal variances	1.440	.232	10.692	130	.000	.90702
	Unequal var.			11.637	122.442	.000	.83334

Source: From this research

5. CONCLUSION

This research aims to thoroughly investigate the impact of Foreign Direct Investment (FDI) from Taiwan on Thailand's Gross Domestic Product (GDP), alongside exploring related economic activities, such as the Production Index (PI), to forecast production sector investment trends. It also examines indirect factors like Thailand's inflation rate and the TWD/THB exchange rate, seeking to understand their influence on FDI and GDP amidst environmental fluctuations. Moreover, the study delves into the significance of Taiwan's investment promotion policy, particularly its impact on investment trends in Thailand after the year of 2016. By analyzing FDI outflow to Thailand and the TWD/THB exchange rate before and after the implementation of the New Southbound policy, it aims to provide insight for policymakers, and inform policy adjustments in Thailand to attract and facilitate foreign investors more effectively.

To achieve comprehensive insights, nine hypotheses were formulated using data from reputable sources such as the Bank of Thailand (BOT), the Board of Investment of Thailand (BOI), and international organizations, covering an 11year period spanning from the year of 2012-2022. Analyzing this data using SPSS aimed to elucidate relationships among factors, with segmentation where applicable. This section will summarize analytical findings from hypothesis testing, discuss conclusions, highlight research limitations, and propose potential policy implementations. Ultimately, the study seeks to understand FDI importance and policy effects, aiming to enhance investment opportunities and foster economic growth proactively.

To assess variables relationships, nine hypotheses were tested using statistical methods like Pearson Correlation, Regression analysis, and Independent T-test at a 95% confidence interval. Results from Hypothesis 1 show a significant positive correlation between Thailand's GDP and inbound FDI from Taiwan, supported by regression analysis indicating FDI's significant influence on GDP, aligning with prior studies. This highlights FDI's pivotal role in driving economic growth. Continuing, Hypothesis 2 explores FDI's influence on Thailand's Production Index (PI), revealing a significant albeit negative correlation. Regression analysis confirms FDI's impact on the PI, suggesting potential production growth contingent upon investment type and indirect

economic effects (Ranjan and Agrawal, 2011). Given these findings, Hypothesis 3 examines the relationship between Thailand's PI and GDP, revealing a significant negative correlation, despite a positive correlation with GDP growth rate. This suggests limitations in the PI's ability to accurately reflect GDP value due to various factors like inaccuracies in time-series data, anomalies within the PI, or limitations in short-term relationship investigations (PIER, 2016). Additionally, other factors like economic stagnation, inflation, and the influx of FDI may exert greater influence. In summary, previous hypotheses indicate that FDI emerges as the most influential factor affecting GDP value, while the Production Index appears to have a greater impact on GDP growth.

Furthermore, Hypotheses 4, 5, 6, and 7 explore the relationship between FDI and GDP, incorporating indirect factors like the exchange rate and inflation rate in Thailand. Results show a positive correlation between the Taiwan Dollar/Thai Baht exchange rate and both Thailand's GDP and FDI from Taiwan, indicating substantial impacts. Conversely, Thailand's inflation rate demonstrates no correlation with FDI or GDP, though regression analysis suggests some impact on GDP and significantly impacts on GDP growth rate. In other word, inflation fluctuations correspond to changes in GDP growth rate, they insignificantly affect GDP value itself. According to diplomatic relation with Taiwan's initiatives to bolster investment in Thailand, Hypotheses 8 and 9 are used to evaluate policy effectiveness. These hypotheses assess the impact of the New Southbound policy by comparing outbound FDI from Taiwan to Thailand and the exchange rate pre- and post-policy release in 2016. Independent T-test results suggest a notable disparity in means between the data groups, indicating increasing trends following the policy launch, signifying its effectiveness. In essence, the New Southbound policy appears to stimulate increased investment from Taiwan to Thailand, influencing the exchange rate and strengthening bilateral relations. To further enhance economic development, adjusting exchange rate policies to incentivize investors and streamlining business operations in Thailand would be beneficial for both nations.

In conclusion, this study maintains a meticulous examination of outcomes, without bias towards positive results, and underscores the importance of understanding the interconnectedness of variables impacting the Thai economy. It advocates for the development of strategies to strengthen relationships with allied countries, particularly through leveraging foreign direct investment to foster mutual benefits and reliability. Moreover, the research highlights the pivotal role of FDI as a key driver of economic growth, alongside other determinants. It emphasizes the significance of recognizing and harnessing the intricate relationships between variables to navigate economic fluctuations and their broader implications. Through this recognition and utilization of linkages, avenues for reinforcing economic development and seizing future opportunities are made viable.

The economic landscape in Thailand reflects fluctuations influenced by governance stability, institutional dynamics, and environmental conditions. Despite this, Thailand has become an attractive investment destination in ASEAN, reinforced by improved COVID-19 conditions and robust recoveries in several countries. Moreover, Thailand is striving for self-sufficiency as a primary source of national income while attracting greater foreign investment, evidenced by rising foreign enterprises and industry relocations, leading to increased Foreign Direct Investment (FDI) inflows and decreased unemployment rates amidst rising inflation. The government aims to implement policies incentivizing foreign investment, strengthening local enterprises, and stimulating economic activities.

With focusing on Taiwan, Thailand's fifth-largest trade partner in 2023, it plays a significant role in trade and investment outflows to Thailand, driven by the New Southbound Policy initiative under President Tsai's leadership. This policy extends beyond investment, encompassing tourism, infrastructure, education, and healthcare collaboration. In efforts to strengthen ties with Taiwan, Thailand has implemented investment promotion policies targeting high-tech manufacturing, renewable energy, and digital innovation sectors to attract FDI from Taiwan by offering tax breaks, import duty exemptions, and streamlined administrative procedure facilitated by Thailand Board of Investment (BOI). Additionally, agreements like the Taiwan-Thailand Bilateral Investment Agreement and Taiwan-Thailand Economic Cooperation Agreement aim to enhance trade relations (DTN, 2019). Despite progress, regulatory challenges and barriers persist for Taiwanese and other foreign investors, hindering market entry such as bureaucratic hurdles, and limited access.

Upon exploration, it was revealed that Thailand and Taiwan have engaged in numerous collaborative agreements and policies aimed at bridging gaps, fostering closer cooperation, and promoting mutually beneficial economic growth and development. Furthermore, considering Thailand's robust export capacity and diverse range of agricultural products, a collaborative agricultural trade initiative between Taiwan and Thailand stands to offer mutual advantages. Taiwan's recognition of the potential in importing raw materials from Thailand and utilizing them to produce high-value-added goods underscores the potential benefits of cooperation. Consequently, the evidence from the results of this study highlights the importance of such policies and initiatives. These findings not only emphasize the significance of collaborative efforts but also shed light on crucial factors that must be addressed in future executions to enhance investment opportunities, drive economic growth and activities efficiently, and facilitate the establishment of diplomatic relations between the two nations.

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