

ABSTRACT

The purpose of this study is to investigate FDI motives of Thai investors in Shanghai, China. Moreover, it also investigates the difference of perceived importance in each FDI motives before and after China's accession to WTO. A statistically representative survey is conducted covering 81 Thai Firms in Shanghai which are listed by the Ministry of Foreign Trade and Economics of China (MOFTEC). For this research, the data is collected during January to March 2004. For the statistical treatment, *Average weighted mean* is used to investigate the motives of Thai FDI in Shanghai before the accession to WTO and *Paired sample T-test* is used to analyze the difference of FDI motives before and after China's accession to WTO. Senior level management or Managers of the listed company will be asked to evaluate the perceived importance of each motive under two situations, investment before WTO and investment after WTO.

There are 7 out of 15 FDI motives accepted as the FDI motives in Shanghai, China. Those motives include "To access the domestic market of Host's country", "To avoid the existing non-tariff barriers", "To enjoy the inducements offer by Chinese Government", "To access the cheap raw materials", "To access to low labor cost in host country", "Political and Social stability in China" and "To enjoy the Tax advantages".

The result of the analysis indicates that perceived importance of Thai firm's motives before and after the accession to WTO is different in 10 paired motives; "Accessing the domestic market of Host's country", "To avoid the existing tariff barriers", "To avoid the existing non-tariff barriers", "To enjoy the inducements offer by Chinese Government", "To integrate with the company's existing investment", "Political and Social stability in China", "Stability of exchange rate", "To get the acquisition opportunities", "To diversify the Risk" and, "Slower growth of home market". This entire ten paired-motives have a higher perceived importance after China's accession to WTO and some of them is not accepted as the FDI motive.

According to the findings, there are many recommendations for those interested to invest in China. First, China is suitable, providing many advantages for the market seeking and resource seeking company and also for those companies investing to get the Tax advantage. Second, integration or acquisition with a local company is, right now, not recommended for the prospect investors. Finally, the investors can be more confidence about Political and Economic stability of China.