ABSTRACT

In the past two decades, there was a major shift in the degree of foreign direct investment (FDI) in East Asian countries. FDI as a tool for technology transfer can contribute to economic growth but this would depend on the economic environment of the host economy. It is a try to examine the effect of FDI on the economic growth of Myanmar. For the analytical purpose, the country, Myanmar is classified by their economic conditions, i.e. levels of human capital, investment on infrastructure, and trade openness. The panel integration analysis with endogenous growth model is used to observe the effect.

The analysis is based on time series data from 1990-2015. The results show that FDI does not necessarily enhance economic growth. FDI had a positive effect on the economic growth only in the countries that have the appropriate economic conditions. East Asian countries including Thailand need to invest more on fundamental infrastructure and human capital, and increase their degree of trade openness in order to gain more from FDI.

At this point, Myanmar still has a hope to improve its economic condition and to increase its FDI. Although, the current condition in Myanmar is not necessarily first-class, this is why Myanmar still has to change in terms of domestic and international policy making in order to improve its GDP in the world.