

**THE DETERMINANTS OF FOREIGN DIRECT  
INVESTMENT (FDI) INTO ASEAN TRANSITION  
ECONOMIES**

**FATHIRAH BINTI MOHAMAD  
2011782145**

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## ABSTRACT

The objective of study is to observe the determinants of FDI inflows into ASEAN transition economies. 7 ASEAN countries within the region which Malaysia, Philippines, Singapore, Thailand, Vietnam, Indonesia, and Cambodia have been chosen as observation country in order to complete this research study. Panel data model has been used in this study by consider annually data of inflation, exchange rate, trade rate, GDP and FDI inflows for 7 ASEAN countries for period from 1995-2013. The dependent variable for this study is foreign direct investment (FDI) inflows while independent variable is inflation, exchange rate, trade rate and gross domestic product (GDP). In order to examine the result, several analytical methods used in this study such Descriptive Analysis, Correlation, Pooled Ordinary Least Square, Variance Inflation Factor, Breusch Pagan/Cook-Weisberg Test, Breusch Pagan Multiplier, and Random Effect. At the end, Random Effect Model (REM) is chosen as a technique in the finding of the study to obtain the real result. Thus, the result indicates that exchange rate, trade rate and GDP significantly influence FDI inflows into the ASEAN countries.

**Key words:** inflation, exchange rate, trade rate, GDP, FDI, REM

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