# Chinese Foreign Direct Investment and Uneven Development in Thailand: The Case of the Thai-Chinese Rayong Industrial Zone

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## Abstract

This study examines the role of Chinese foreign direct investment in economic and social development in Thailand, focusing on the Thai-Chinese Rayong Industrial Zone. A qualitative method was used to explore the situation and construct a better understanding of the related issues and broader context of the impact of Chinese foreign direct investment on Thai development. In-depth interviews were conducted with key informants involved in Chinese investment in Thailand. The findings revealed that as a proxy of Chinese foreign direct investment in the domestic economy, the Thai-Chinese Rayong Industrial Zone has helped stimulate development by expanding industrial production and export revenue and increasing employment for the domestic population. However, its impact at deeper levels of development remains mixed. In terms of employment opportunities, most of the low- to semi-skilled positions have gone to Thais, with foreign employees retaining the most senior positions, creating uneven in economic and social growth patterns.

***Keywords:*** *Chinese foreign direct investment, uneven development, Thailand*

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# การลงทุนโดยตรงจากต่างประเทศของจีนกับการพัฒนาที่ไม่สมดุลในประเทศไทย: กรณีศึกษานิคมอุตสาหกรรม ไทย-จีน จังหวัดระยอง

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## บทคัดย่อ

การวิจัยครั้งนี้มีวัตถุประสงค์เพื่อศึกษาบทบาทการลงทุนโดยตรงจากต่างประเทศของจีนกับการพัฒนาเศรษฐกิจและสังคมในประเทศไทย กรณีศึกษานิคมอุตสาหกรรม ไทย-จีน จังหวัดระยอง ใช้รูปแบบของการวิจัยเชิงคุณภาพในการได้มาซึ่งข้อมูลเพื่ออธิบายสถานการณ์และทำให้เกิดความเข้าใจในประเด็นและบริบทต่างๆ ที่เกี่ยวข้องกับการลงทุนโดยตรงจากต่างประเทศของจีนและการพัฒนาในประเทศไทย โดยการสัมภาษณ์เชิงลึกกับผู้ให้ข้อมูลหลักที่มีส่วนเกี่ยวข้องกับการลงทุนของจีนในประเทศไทย ผลการวิจัยพบว่าการลงทุนโดยตรงจากต่างประเทศของจีนในระบบเศรษฐกิจภายในประเทศ กรณีศึกษานิคมอุตสาหกรรม ไทย-จีน จังหวัดระยอง นั้นมีส่วนช่วยกระตุ้นการพัฒนา โดยมีการเพิ่มขึ้นของผลิตภาพการผลิตในภาคอุตสาหกรรม รายได้ในการส่งออกของประเทศ และการจ้างงานของแรงงานไทย อย่างไรก็ตาม การพัฒนาที่เกิดขึ้นได้สะท้อนถึงปัญหาของการพัฒนาอย่างไม่เท่าเทียม ในประเด็นของการจ้างงาน คนไทยมักได้รับการจ้างงานเป็นแรงงานทักษะต่ำและแรงงานกึ่งฝีมือ และหากพิจารณาถึงการเลื่อนตำแหน่งในระดับบริหาร พนักงานที่ถูกส่งมาจากต่างประเทศมักได้รับโอกาสมากกว่าพนักงานที่เป็นคนไทยซึ่งสิ่งที่เกิดขึ้นมิใช่เพียงการพัฒนาที่ไม่สมดุลทางเศรษฐกิจหากแต่ยังเป็นการพัฒนาที่ไม่สมดุลในด้านสังคมด้วย

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## Introduction

As one of Southeast Asia’s most open economies since the post-World War Two era, Thailand has made the transition from a low- to a medium-income country on the back of an economic miracle driven largely by foreign direct investment (FDI). Despite hitting top-line growth indicators such as a large expansion in the gross domestic product and a massive reduction in absolute poverty, Thailand is beset by uneven, unequal development (Parnwell, 1996). Thai industrialisation remains shallow, with only moderate forms of technological upgrading (Suehiro, 2008). Large cities, especially Bangkok and many other fast-growing cities in the central region, are rapidly growth; however, rural poverty remains high (Yang et al., 2020). In addition, growth has been achieved evidently at the expense of the persistence of a highly unequal society. Facing such challenges, Thailand’s latest economic strategy remains firmly built on openness to foreign capital but with an eye on China’s Belt and Road Initiative (BRI) and the potential influx of Chinese capital. However, will Chinese investment solidify existing growth dynamics, in which poor to mixed performances in bottom-line economic indicators accompany stellar performances in more conventional ones? In what forms does Chinese FDI bring about development, especially at the local scale? More specifically, this strategy raises questions about a series of important debates in Thailand that focus on the quality of material progress and economic versus social development, growth versus equality, and material growth versus human well-being. This study addresses these questions by analysing the development impacts of one of the most prominent Chinese-driven projects in Thailand, the Thai-Chinese Rayong Industrial Zone (TCRIZ). As one of the first Chinese overseas industrial parks in Southeast Asia, it is commonly seen as an anchor through which Chinese business groups mark their increasingly noticeable presence in Thailand (and by extension, the region).

FDI is widely perceived as advantageous to the host countries because it enhances human capital, creates jobs, and promotes technology transfers. The creation of employment opportunities and the generation of income take place directly in the investment sectors and are indirectly fostered in other related sectors through upstream and downstream linkages (UNIDO, 2005). Few countries have undergone greater changes from rural underdevelopment to urbanisation and industrialisation like Thailand. In addition to a huge expansion in its gross domestic product (GDP), Thailand has achieved good (or even excellent) scores in conventional development indicators such as education provision, access to healthcare, and poverty reduction.

Notwithstanding the above development, Thai economic progress remains uneven. Growth has seemingly been achieved at the expense of high levels of inequality (Yang et al., 2020; Phongpaichit and Baker, 2016). This inequality not only pits urban areas against their rural counterparts but has also reared its ugly head within rural areas themselves (Praditsil and Khrueanuan, 2016). According to Rigg (2018b), the adjustments engendered by the growth model of the past have created second-order, often more intractable problems and challenges, with the state and its planning agencies struggling to meet both their own objectives and the aspirations of those for whom development was intended (Rigg et al., 2012). Despite such challenges, the Thai state has not fundamentally altered its relatively liberal outlook towards international trade and capital. The Prayut Chan-o-cha administration, which came into power in 2014, has unveiled economic strategies centred on openness to foreign capital but with an aim to exploit the potential influx of Chinese FDI associated with the BRI (Green, 2019). Thailand and China have aimed to improve their investment partnerships, which were driven by Thailand's flagship eastern economic corridor (EEC) scheme and China's BRI. China's government has a policy that complements Thailand's EEC: the strategy's success rests on Thailand securing foreign investment for the EEC development plan (Green, 2019).

## Literature Review

### Thai-Style Development: Challenges and Opportunities

In terms of Thailand's development, the coup d'état of October 1958 and the establishment of the regime of Marshal Sarit Thanarat can be considered as marking the beginning of the modern economic period in the Kingdom which allowed the private business sector (largely Chinese or Sino-Thai at the time) to come forth as the engine of growth of Thai development and set the stage for the later emergence of a new political force (Muscat, 1994). With support from the World Bank, the Sarit administration also undertook a considerable reappraisal of Thailand's industrial policies, preferring both local and foreign capital investment and long-term planning (Goss and Burch, 2001).

The Thai government implemented an import-substitution strategy during the first and second National Economic and Social Development Plan (NESDP) from 1961 to 1971 but, thereafter, shifted the policy to place more emphasis on export-oriented strategies. The very first approach used by the government to modernise the country's local industries was the adoption of the import-substitution policy, which achieved some success in attracting FDI flows into import-substitution industries such as textiles, automobiles, and chemicals (Suehiro, 2008). This strategy soon bore fruit as the Thai GDP expanded rapidly soon after, with the Kingdom emerging as one of the second-tier newly industrialising economies (NIEs), following close on the heels of the first-tier NIEs of Korea, Taiwan, Singapore, and Hong Kong (Sheng, 2009). In particular, the Japanese yen's appreciation in the aftermath of the 1985 Plaza Accord allowed Thailand to tap into massive inflows of Japanese capital to promote export-oriented industrialisation. FDI surged from USD 276 million to USD 5.5 billion between 1986 and 1998 as Thailand aggressively courted Japanese (and to a smaller extent, other Northeast Asian) capital through a series of deregulation activities (Hewison, 2006). Thailand's pro-FDI stance has since been solidified, with the Kingdom garnering the highest stock of Japanese FDI within Southeast Asia by the late 2000s (Lim, 2019).

Broader economic progress has also been reflected in a significant improvement in non-economic indicators of well-being, such as life expectancy, infant and maternal mortality, education, land reform, support for housing, and public health services, which increased opportunities to share the benefits of growth. Education is arguably the most important of these opportunity-creating mechanisms: the provision of primary education and wide access to higher education contributed opportunities to foster growth (World Bank, 1993). Nevertheless, considerable social problems were also created. Development targets that were broadly agreed upon, quite easily achieved, and more importantly, could be shown as achieved, such as clean water, primary-level education, electricity provision, access to health care, and, above all, higher incomes and reduced poverty, have been superseded by aims that are more contentious, more difficult to specify and measure, and harder to fulfil (Rigg, 2018). Of these new development challenges, the most important question, arguably, has been whether the achievement of material prosperity has led to an equivalent rise in well-being, and what the connections are between economic growth, measured in terms of money-metric indicators and well-being. This has required development scholars, practitioners, and policymakers to consider the unintended trade-offs and consequences that have accompanied the development path taken by Thailand and other similar countries. It has also meant a widening of the debate from a narrow concern regarding the economics of change to such issues as social development, societal values, and development justice. Many development practitioners have felt challenged and distinctly uncomfortable about being asked to judge development, rather than merely measuring its achievement in narrow, usually economic, terms (Rigg, 2018; Sen, 1999).

Inequality in Thailand has increased, even though GDP has expanded (Jitsuchon, 2020; Yang et al., 2020). This inequality takes multiple forms, such as access to social services, employment opportunities, and the rural-urban divide (Jitsuchon, 2020; Warwick-Booth, 2019). This form of uneven labour relations was also observed by Suehiro since 2008, who highlighted that despite development creating substantial levels of employment opportunities, the best jobs went to foreign employees. In other words, the domestic populace could only secure low- to semi-skilled employment opportunities (Suehiro 2008). This lack of mobility in accessing senior positions implies that skill formation is likely capped for Thai workers. In the case of Thailand's automobile industry (Orihashi, 2010), the country's education system does not train enough engineers to help cover its needs to expand into high-quality automobile production or other high-tech industries; thus, the workforce comprises shop workers whose average wage remains low. The higher quality requirement pushed local Thai suppliers down, and many multinational suppliers stepped in. Further industrial development faces barriers as Thai workforce's lack of education, particularly the limited number of good quality technicians and engineers. This means that a huge upgrading of the Thai workforce is needed to avoid a reconsideration of the international division of labour (Santasombat, 2019; Suehiro 2008).

**China's Outward Direct Investment to Thailand**

Since 1978, the development of Chinese FDI has transformed from 'getting in' to 'going out'. The first stage was between 1978 and 1991, when Thailand and China had diplomatic ties and agreed on economic cooperation in trade and investment, and Chinese investors began to seek investment opportunities in Thailand. In 1985, the Thai and Chinese governments signed an agreement to establish the Chinese-Thai Joint Economic Cooperation Committee and another agreement related to mutual investment protection, facilitating improved conditions for investment cooperation (Kvisgaard, 2005).

China became the largest investor in Thailand for the first time in 2019, overtaking Japan as the southeast Asian nation's main source of FDI due to the belt and road projects, overspill from the US-China trade war, and Thai government incentives. Applications from China, valued at 262 billion baht (US$8.5 billion), accounted for more than half of all FDI applications according to Thailand's Board of Investment (BoI). Japan's applications, meanwhile, were valued at 73.1 billion baht, followed by 36.3 billion baht worth of applications from Hong Kong (Thongnoi, 2020). Duangjai Asawachintachit, the secretary-general of Thailand's BoI also stated in an interview in the *Bangkok Post* that in 2019, the government worked to attract Chinese companies to invest in Thailand, confirming, 'their investment here was not only to avoid the trade dispute, but also the high wages in their country' (Apisitniran, 2020). Although Japan ranked as the biggest investment in 2020 and 2021, China still increasingly tops investment in Thailand (Bord of Investment, 2021).

## Materials and Methods

The research employed both primary and secondary data. Primary data collection was based on a qualitative technique for gathering empirical evidence. Secondary data, such as government policies, regulations, reports, information from institutional websites, and research papers from relevant organisations were used in the analysis. A qualitative method was used to construct a better understanding of broader context and issues related to the role of Chinese FDI in economic and social development in Thailand. This qualitative method comprised in-depth interviews with totally ten key informants, who were selected according to their involvement in Chinese investment and economic and social development in Thailand. All informants had worked and/or involved with Chinese investment from five to ten years or more. Thereafter, a snowball sampling strategy was used to connect with informants in other organisations to access additional information and data, drawing on interviews with senior civil servant officers from the Thailand BoI (KI1, K2), Thai-Chinese Rayong Industrial Realty Development Company Limited (KI3, K4), EEC Office (KI5); *pooyaiban* (village head or local leader) of the village near the TCRIZ (KI6), and Thai managers and workers in two Chinese companies ( which both established since 2014) in the TCRIZ (KI7, K8, K9, K10). This research has been approved by the committee for research ethics (Social Sciences), Faculty of Social Sciences and Humanities, Mahidol University. Informed consent was obtained from all participants.

**The Case of the Thai-Chinese Rayong Industrial Zone**

The Thai-Chinese Rayong Industrial Zone (TCRIZ) was selected as a case study in order to examine the role of Chinese FDI in Thailand and explore employment opportunities as it was the first Chinese overseas industrial park in Southeast Asia. It was built in 2005 in Rayong province, Thailand, on the eastern seaboard area, in which many FDI projects enjoy the greatest promotion privileges. The zone was established by China’s Holley Group, which entered into an agreement to develop a special industrial zone which not only a manufacturing centre but also an integrated economic area complete with storage, logistical, exhibition, commercial, and living facilities. Strategically located in Amata City, Rayong, with its convenient transportation routes to the deep seaport at Laem Chabang and other supporting infrastructure, it is an outstanding zone for Chinese enterprises’ investment in Thailand.

Encouraged by the ambitious BRI, the TCRIZ set its sights on becoming an overseas ‘industrial Chinatown’, offering Chinese enterprises a way to access the world stage while bringing prosperity to Thailand’s economy. The zone was recognised by the Chinese government as its only national economic and trade cooperation zone in Thailand and endeavours to create a first-class investment platform for Chinese enterprises. Approximately 40,000 people work in the industrial zone, most of them, Thais. The TCRIZ hosts 120 companies, supporting around 30,000 jobs. Another 70,000 jobs will be created when construction is complete: the zone is ultimately expected to accommodate 300 companies and create 10,000 jobs in Thailand (Lancang-Mekong Cooperation China Secretariat, 2020). The zone has become China’s largest industrial cluster centre and manufacturing export base in Thailand, and has promoted Thailand’s economic development to a large extent.

## Results

The analysis revealed that as a proxy of Chinese FDI in the domestic economy, the TCRIZ has helped stimulate development by expanding industrial production and export revenue, and increasing employment for the domestic population. However, its impact on increased development remains mixed. In terms of employment, most of the low to semi-skilled positions have gone to the Thais, with foreign employees retaining the most senior positions, creating uneven growth patterns. This was confirmed by the informants from Chinese companies in TCRIZ that all high management positions, directors, and administrative level (positions) are (held by)

Chinese (Informant KI7, K8, K9, KI10, 16 and 17 February 2020). However, Chinese firms have contributed to skill development by providing their employees with training to ensure the quality and reliability of inputs. Improving skills is high on Thailand’s policy agenda since they are key for an economy that seeks to grow based on innovation and compete in value-added activities.

In the interview, the informant stated that education is a major problem in Thailand. When a country is attempting to move up the value chain and its firms are progressing from being imitators to being innovators, the education system must be able to produce individuals with creativity and the ability to learn well. Unfortunately, this is not the case in Thailand, and the results showed that Thailand is losing some of its competitiveness due to a mismatch between increase in real wages and increase in labour productivity. The increase in the latter is lower due to Thailand’s underachievement in education compared with its Asian neighbours. Furthermore, the quality and quantity of science and engineering graduates in the country are inadequate, which poses a serious problem for a nation that aspires to be a learning and knowledge-based economy (Informant from KI5, 3 January 2020).

Education must progress quantitatively and qualitatively to provide the skilled workers that Thailand needs and future-oriented higher education students, especially in the engineering and science fields. According to the interview, the only way to achieve this is to remove the current financial obstacles by guaranteeing effective and entirely (rather than partially) free upper secondary education for poor households since the number of students in rural areas is declining. The upgrading of education cannot be achieved by the education system alone: without a strong government commitment to reducing social inequalities, the quality of education cannot be significantly improved (Informant KI2 and KI3, 3 January 2020).

The informant indicated that technology and mobility likely take center stage and replace traditional and administrative work. The technology is not only rendering the labour force more skilled and boost labour productivity but also raise household incomes and national revenue (Informant KI8, 17 February 2020). Furthermore, such innovation can address the labour shortage resulting from population decline and demographic changes. Thailand has experienced a lack of operational workers for several years, a problem that derives from a mismatch between demand and supply in the labour market. While the demand for workers that have graduated from vocational school has been increasing because of a rise in manufacturing bases in Thailand, a larger portion of the new generation chooses to pursue a bachelor’s or higher degree instead, as Thailand increased the minimum salary for workers with a bachelor’s degree to THB 23,000 (approximately USD 800) per month (Bank of Thailand, 2021). The informants from Chinese companies in TCRIZ commonly mentioned that this policy further discourages students from pursuing vocational study. (Informants KI7, K8, K9, K10, 16 and 17 February 2020).

The informant informed that FDI was perceived as advantageous to the host countries because it enhances human capital, creates jobs, and promotes technology transfers. The arrival of the Thai-Chinese Rayong Industrial Zone and the factories has also transformed the nearby villages in economic terms. Some villagers sold their land and used the money to open their own businesses. This included opening restaurants, grocery stores, minimarts, noodle shops, street food stalls, selling fresh ingredients for home cooking, laundry businesses, VCD rental stores, karaoke bars, beauty salons, and more. (Informant from KI6, 17 February 2020)

In terms of employment levels, the best job opportunities go to Chinese investors. In other words, Thai employees can only secure low- to semi-skilled employment opportunities. Education became more important in finding factory work, and those without educational qualifications are unable to access such employment (Rigg et al., 2008). This was confirmed by the interviewees all high management positions, directors, and administrative level (positions) are (held by) Chinese (Informants KI7, K8, K9, K10, 16 and 17 February 2020).

The informant mentioned that Chinese foreign direct investment in Thailand is expected to increase significantly over the next few years, but Thailand needs to improve productivity to attract this Chinese FDI. Data from 2019 shows that China has become the largest investor in Thailand. (Informant KI1, 8 January 2020). With regard to the role of the TCRIZ, it is also important to note other key factors related to Thailand’s economic and social development, including corporate social responsibility and environmental concerns, which have had a significant impact on Chinese investment in this zone (Informant from KI4, 30 January 2020).

## Discussion

Utilizing the literature and empirical research, this study aimed to rethink of Thailand’s uneven development since the post-World War Two era by analysing the development impacts of one of the most prominent Chinese-driven projects in Thailand, the TCRIZ. The study presents a framework to simultaneously account for the interaction of international and domestic factors in Thailand's development (see Figure 1). Figure 1 illustrates that Thai development can be analysed from three dimensions: openness to foreign capital, hitting top-line growth, and not hitting bottom-line development. More specifically, the interplay between these three dimensions has led to Thailand's relatively high growth, yet highly uneven, development. Within the context of the present study, Figure 1 serves primarily as a heuristic device, potentially contributing to a better understanding of how Chinese FDI engages with these three distinct features of the Thai political economy.

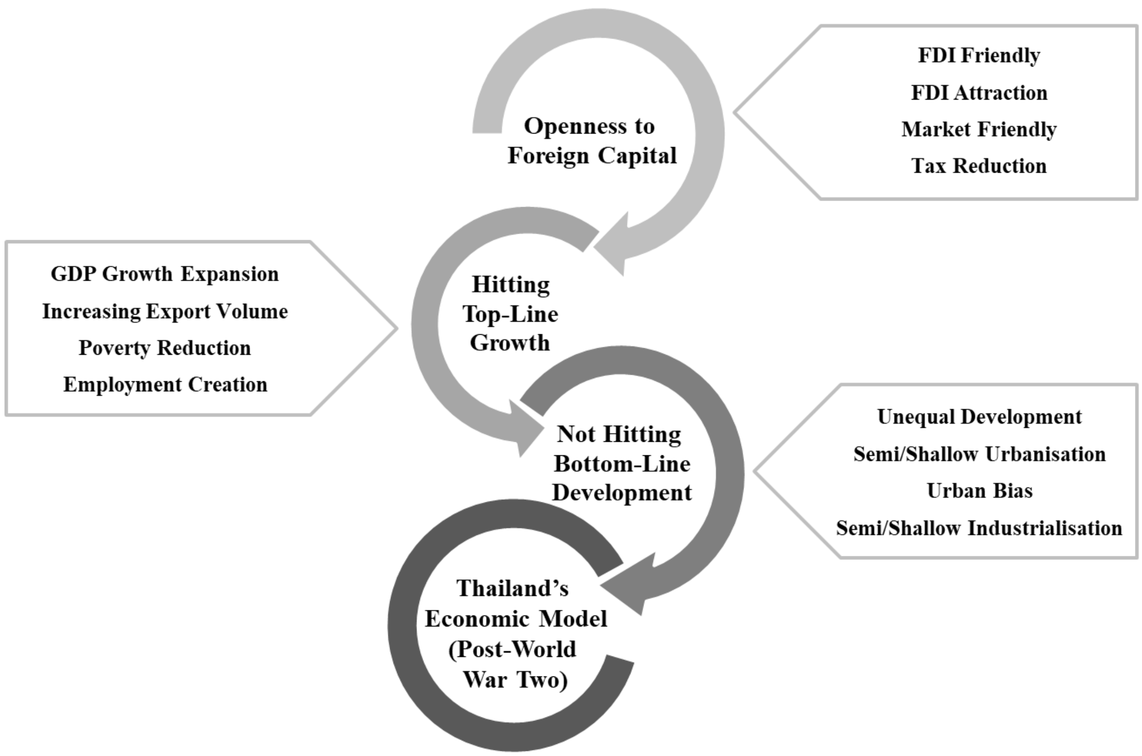


**Figure 1. Thailand's Uneven Development** *(adapted by the author from Doner, 2009; Intarakumnerd and Lecler, 2010; Lipton, 1977; Parnwell, 1996; and Rigg, 2018)*

First, 'openness to foreign capital' relates to the attractiveness of the government's policy on FDI, particularly the exemption of personal income tax and tax holidays for machinery imports. Thailand's BoI was established in 1977 to promote FDI inflow. It has since enacted corporate tax reductions, an exemption for tariffs on materials for export, and other measures to encourage the active participation of domestic and foreign investment in the development of targeted industries. At the same time, new infrastructure was also constructed as Thailand commenced industrialisation and promoted export-oriented industries from the 1980s onwards. Thailand's success previously relied on the two factors of FDI and low-cost competition. Thailand began its industrialisation process with an import substitution strategy in the 1960s and 1970s. During this era, FDI was rather limited and focused only on producing consumer goods to replace imports. However, a major policy shift towards an export-led industrialised strategy was initiated in the 1980s. The BoI, for instance, gave attractive fiscal incentives to foreign investors, while the Thai government also created modern infrastructure such as industrial estates in the Bangkok metropolitan area. It then extended these facilities to more distant areas with the aim of wealth distribution. The result was a substantial increase in FDI in the second half of the 1980s and 1990s. Moreover, there was a positive change in terms of the development of agglomerations of firms in some provinces close to Bangkok, such as Chonburi, Rayong, and Ayutthaya (Intarakumnerd and Lecler, 2010). From 1990 to 1991, the government decided to reduce tariffs on the capital goods used in manufacturing, as well as on raw materials, some other capital goods, and intermediate products. FDI legislation was reformed as part of the global shift towards an export-led growth strategy, and to boost economic activity, more foreign businesses were allowed to enter the Thai market.

Second, 'hitting top-line growth' refers to the importance of FDI as an engine for economic growth, expanding GDP and increasing export volume. Inward FDI contributes to reducing the income inequality and poverty rate. The industrial sector is a major source of employment in most countries, and economic growth also creates job opportunities. Thailand's GDP expanded by 2.4 per cent in the third quarter of 2019, driven mainly by increases in final consumption expenditure and investment of private and government sectors, according to the Thailand Development Research Institute. From January to September 2019, Thailand's economy expanded by 2.5 per cent overall, according to the Asian Development Bank. Top manufacturing products include automobiles and electronics products. Data from Thailand's Ministry of Commerce shows that during the first three quarters of 2019, automotive and computer hardware, accessories and parts were the country's top two exports. The industrial sector represented between 35 per cent and 40 per cent of Thailand's GDP, with manufacturing as its main component.

Inward FDI has been one of the important driving forces for Thailand's economic growth during the last decades. FDI from developed countries leads to technology transfer and knowledge spillovers, while also promoting employment, productivity, and international trade in Thailand. FDI can also help reduce poverty because it creates jobs, develops local skills, and stimulates technological progress. Human development is the key factor behind human capital, which stimulates our prime interest to assess how FDI impacts such development. Second, this impact can be direct or indirect: the spillover effects of the private sector through backward linkages between FDI and indigenous suppliers, and domestic sourcing through forward linkages between FDI and native companies, enhance local firms' export capacity. Similarly, the use of modern technology can increase competition and positive spillovers to accelerate economic growth and promote welfare. Job opportunities represent another channel of direct impact (Ahmad et al., 2019).

Third, despite hitting top-line growth indicators such as a large expansion in gross domestic product and massive reduction in absolute poverty, Thailand is beset by uneven and unequal development (Parnwell, 1996). 'Not hitting bottom-line development' is associated with the inequality of opportunity, which has remained high, as development is biased in favour of industrial activities and urban areas, and against farmers and rural areas where poverty is concentrated (Yang et al., 2020). As mentioned previously, jobs have been created for local people, even though job satisfaction is still lacking. In addition, there has been a long debate in Thailand about the evidence of an urban bias (Lipton, 1977) in development in the country. The Thai government is centralised, and Bangkok is at the centre of its decision-making authority, which has resulted in an urban-biased, or a Bangkok-biased, development policy. Poverty is not only limited to the lack of income for basic needs but also involves structural poverty, that is, poverty arising from a lack of public services (Yang et al., 2020; Phongpaichit and Baker, 2016). Closely allied with this concern for and interest in poverty reduction has been the consideration of inequalities in Thai society and the Thai economy. Transformations in poverty and inequality have been shaped by Thailand's development history (Parnwell, 1996), the nature of the country's development project, and certain assumptions about the development challenge, what it means, and how it is constituted. Education became more important in finding factory work, and those without educational qualifications are unable to access such employment (Rigg et al., 2008).

## Conclusion

Through an empirical study of the TCRIZ, this research argued that Chinese investment has driven economic growth and greater prosperity in Thailand. However, it has also been accompanied by more relative poverty, social insecurity, and underdevelopment. Consequently, people from other regions relocate to find jobs with better income in Thailand's central regions including TCRIZ in Rayong province, where most of the country's high-valued production in manufacturing and services is located.

Poverty reduction must consider more than just statistics, indicators or measures. Poverty in rural areas is often measured in terms of access to basic services and materials, such as electricity, transportation, education, and healthcare. As such, employing top-down targets and other statistical measures may not always be the best approach to alleviate poverty in Thailand. Focusing on a bottom-up approach that measures poverty through a participatory approach involving dialogue with the community has greater potential to ensure that the poor are given a voice and are engaged in their own development policies. This should be the standard to measure poverty policies in Thailand and is the necessary next step for middle-income countries to continue their progress in poverty alleviation. The Thai government has also enacted policies to open the country up to foreign investment and, at the same time, to promote vocational education which is connected to the requirements of the foreign investors.

There are some limitations of this study. The study mainly focuses on employment opportunities aspects and Chinese investment in TCRIZ. Related to the topic of this research, the future study should explore technology upgrading together with education and labour market policies. In addition, the foreign investors and foreign direct investment from other countries should be further examined.

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