

**FOREIGN DIRECT INVESTMENT AND ECONOMIC GROWTH OF
COUNTRIES IN SOUTHEAST ASIA: A PANEL DATA APPROACH**

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ABSTRACT

Since the boom of foreign direct investment that accompanied an overall economic upturn in many Asian economies in the late 1980's and early 1990s, flows of FDI to Asian economies have attracted a significant attention to a number of FDI literatures that recognizes the contribution of FDI to economic growth of most developing countries in Southeast Asia. This study was conducted to determine the impacts of foreign direct investment on the economic growth of countries of Southeast Asia. The data were gathered from the World Development Indicators (WDI) and United Nation Conference on Trade Agreement and Development (UNCTAD). Fixed Effects, Random Effects, and Pooled OLS estimation procedures were employed to analyze the impacts of FDI on the economic growth of countries in Southeast Asia. Results showed that without trade openness, FDI has a positive and significant impact on economic growth of the nine Southeast Asian countries. However, after adding trade openness as regressors in the model, results showed that FDI still has positive but not statistically significant impact on the economic growth of countries in Southeast Asia.