INTERNATIONAL AND ENVIRONMENT

On the international trade and environmental topic, it is described that the value of global exported goods as share of GDP increase rapidly since 1950 and hit the peak in 2000. After 2000, the global exported goods as share of GDP is fluctuated because of many factors. Now a day, in 2020, the value of exported goods as share of GDP are rapidly drop since march because of the COVID-19 disease. Because of the disease, each country announce to lock down and shut the country which make the amount of importing and exporting goods drop a lot. This make a lot of Thailand's importing goods product are out of stock. There are different ways that product can be shifted e.g.boat, cars and airplane. And there is an impact that shipping product with vehicle can release carbon dioxide from the burning of fossil fuel. The main diver of global warming is by transportation and the highest emission of CO_2 is from industrial revolution. From 2005 to 2018 the transportation between international trade tend to increase. In contrast, During COVID 19 quarantine period, the CO_2 is decreased because of transportation between international trade is paused. Intra ASEAN has the biggest portion on the shares of merchandise export value by trading partner, 2005-2018 about 22.73 on average. And Korea is one of the Thailand's major import. The foreign investment are from intra ASEAN and Extra ASEAN countries which there is small amount of foreign investment on extra ASEAN. The shares of ASEAN top 5 FDI sources in 2018 are China 6.6%, Japan 13.7% , ASEAN 15.9%, EU 14.2 % and others 43.1%. In 2018, most of the inward flow of FDI by activities is on manufacturing. At any level of economic growth, we have to sacrifice the damage, but FTAs have a positive impact on the environment that it can access to environmentally technology, greater income and competitive advantage product. On the other hand, it expand more polluting industries which this can lead to health problem like PM 2.5. More over, it encourage more polluting industries to locate in countries with lax environmental regulation.

Reducing barrier to trade will reinforce the tendency for countries to export commodities that make use of resources-intensive production factors which is comparative advantage in producing polluted product. e.g. Digging up gold process can cause a lot of pollution. In international trade theory, Economist believe that free trade improves economic welfare assumes no externalities. The country that have resource of oil like Brunei should export oil because we will not making the pollution by digging up oil on other area. EKC is the main idea about the relationship and economic growth with x-axis shows income per capita and the y axis shows the amount of pollution. Having economic growth is lead to more pollution in early state but, when country become developed country, the pollution will decrease. The relationship between green house gas and economic growth explain that we need to allow more greenhouse gas for developing country. The main impact of trade liberalisation is that the scale effect will increase emissions and technique will decrease emission by transfer knowledge about new production method and design from developed countries, but it is depend on production mix after trade liberalisation.

To move the status from developed country to developing country, we have to expand and build more innovation. However, the greenhouse gas is released from what we build so, we have to use new techniques and technology to fix the global warming problem.

Economics of multinational enterprise

The definition of Economics of multinational enterprise is not to required for the purpose of guidelines which mean comprising companies in many countries to link and cooperate the operation in alternative ways. In MNES, the investor could be both public and private. there is a type of cross border called direct investment which is different from portfolio investment . the different in foreign direct investment and portfolio investment is that we will get the lasting interest if you buy the percentage that required for getting the management power in FDI. The percentage that will make you have the degree of influence on your investment is at least 10% which make you can vote. On the other hand, on the portfolio investment, you will not get the lasting interest because it is the small amount of stock buying. The type of FDI are based on the direction, activity, mode of entry and nationality. Based on direction of investments, it is divided into inward FDI and outward FDI. For examples, when Thai firm invest aboard it is called Thailand outward FDI, and foreign invest in Thailand is Thailand inward FDI. Based on activity, they are divided into 2 parts: horizontal and vertical FDI. In vertical FDI, you can do backward like investing aboard on car parts if you own the car company. Another way is forward FDI which you produce in the country and sell product and invest aboard. In horizontal FDI, you produce whole thing in The country and aboard which mean doing the same thing on aboard. Based on mode of entry, there are 3 ways to entry which are owned subsidies, merger & acquisition and joint ventures. In merger & acquisitions, this way is cooperate other company which we can merge 2 companies together like Thanachat bank and UOB bank. Based on nationality of investors, there are 2 kinds which are wholly foreign owned and joint venture between foreign firm and local firm. it is like investing in other country on the firm. The firm in other country will be belong to Thai's company that have invested. The reason that the firm will invest aboard are low wage, Free trade agreement, And BOI. The FTA make firm want to invest aboard because we have the agreement of lower import tax rate among country member. Based on motive of FDI, the natural-seeking FDI is when one country does not have resource, they will go invest on other country that have resources. For instance, Singapore is a small country , so they have limited resources. MNES choose a specific host country for investing based on lower relative cost because they can earn more profit. The reason that the firm will invest aboard are low wage, Free trade agreement, And BOI. The FTA make firm want to invest aboard because we have the agreement of lower import tax rate among country member. Based on motive of FDI, the natural-seeking FDI is when one country does not have resource, they will go invest on other country that have resources. For instance, Singapore is a small country , so they have limited resources. MNES choose a specific host country for investing based on lower relative cost because they can earn more profit. Sometimes, we call firm-specific advantage or FSAs instead of OLI frame work because the reason on FSAs framework is similar to OLI framework. And CSAs is similar to location advantage. When foreign firm invest in Thailand, there are many impact on the host and home country. For instance, company such nike invest in Thailand affect on Thailand economy by more capital inflow, wage increase, more employment and more demand for labor. The benefit that both host and home country is that both learn more knowledge together. However, there is a negative effect which investing may hurt the local firm by market competitive if the foreign decide to set up the factory to produce and sell in the home country. For instance, masda cx5 have lower cost of producing after they set up company in Thailand so, price of car is cheaper without import tax. There are both positive and negative impact for invest aboard, so you should find information about factors that will affect your company by making plan to cope with problem that will occur in the future.