

Reaction Essay (Week3)

#1: BOT and CLMV Connectivity (01/07/19)

Bank of Thailand plays a great role in connecting Thailand with CLMV countries in so many aspects, especially on the financial sector. This lecture, by Khun Pimpilas, mainly focused on the policies BOT is currently implementing to facilitate trade among Thailand and CLMV countries and also future objectives.

Some general facts about CLMV countries were revised, comparing the growth rate, GDP, population, trade statistics and political stability. Vietnam has the highest GDP presumably due to its large population and labour force contributing to lots of production while Laos has the lowest GDP and population. The countries are able to maintain political stabilities in their country because Laos and Vietnam have the single party system, which is communist, so policies are top down and this will boost growth for countries with clear development policies. Myanmar and Cambodia both have the multi-party democratic system.

Border trade contributes to over 50% of trade volume between Thailand and CLMV countries as it is more convenient to travel, the only country that has no border with Thailand is Vietnam hence trading is usually done through Cambodia. However, there may be some issues with data collection on the exact number of export and import in terms of frequency and quality.

Thai investors tend to invest in CLMV due to the similarity of cultures and some characteristics and this would also reduce the cost of production. As for the financial sector, Thai investors are now striving to open bank branches in CLMV because this will enhance connectivity amongst them and also facilitate customers when doing transactions. Despite the support of BOT, there are still concerns about supervision and monitoring so there are not many branches but representative office instead. Representative office only provides consulting service to customer but not financial service, there are a lot of these in Myanmar

and Laos consists of the most Thai commercial banks including, BBL, KTB, SCB, Kbank and TMB.

BOT aims to connect regionally through three main aspects; stability, development and internal excellence. Thailand has the advantage of having a good connection with CLMV in terms of infrastructures (airports, roads etc.), services (insurance, financial service etc.) and many more so many investors can use Thailand as a springboard and share knowledges. As previously stated, BOT plays a crucial role in facilitating trade and investment in so many ways, for example, foreign workers are very important for Thai production so BOT try to put in actions to assist when transferring their money back home. Another example is border trade, BOT relaxes some laws and regulations for CLMV to allow them to bring more money across the borders.

To promote connectivity, each country is encouraged to use their local currency but this will consume a lot of time as CLMV currencies are unstable and also different frameworks are used for different countries. However, it also provides the benefit of reducing transaction cost and also promotes the usage of official transaction channel which will help with the data collection.

In my opinion, I do agree with the lecturer that we should give importance to the financial sector more as it is the one making transactions successful and I also believe that in the near future the country that can facilitate the payment of customers will grow at a really rapid pace, for example, the lecturer told us that Thailand is developing payment via QR code that could be used with other currency as it would calculate directly how much foreign currencies the customers has to pay so this can also draw in more investments.

#2: Introduction to Sustainable Development Goals (SDGs) (03/07/19)

This lecture was given by Ajarn Chol who introduced us to the concept of sustainability, current issues around the world and SDGs. There are two level of sustainability issues; global and local. Global sustainability issues are the ones that affect the society as a whole, for instance, poverty, inequality within and between countries, war and conflict, gender equality, food security, climate change, deforestation and many more. Local sustainability issues are smaller but could be connected to bigger issue, for example, air and waste pollution, education, traffic etc.

‘Sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs,’ is a phrase from WCED in 1987. When talking about sustainability, we not only have to think about our current actions but also how the way we are living will affect the future. There are two shades of green, a lighter shade or the weak sustainability is an optimistic kind which stated that we should be able to sustain society’s consumption pattern meaning that we should be able to live like the way we live today in the future. This is because even though some resources are non-renewable, we believe that it can be replaced by technology and innovations. A darker shade of green or the strong sustainability is what environmentalists believe in stating that we cannot live the way we live anymore as natural resources, biodiversity and climate cannot be replaced so we have to eliminate all the negative externalities and the earth will enter a steady state.

There are three pillars of sustainability; society, economy and environment. The key to become sustainable is to see the linkage between each dimension, how the action in one area affect the other aspects. For example, increasing land area in Thailand would not be a sustainable policy as it will affect the economy as well, poorer people tend to live in those lands so this would make them become poorer!

Sustainable Development Goals (SDGs) includes 169 targets under 17 goals which acts as a framework to indicate the level of sustainability a country is at which will make it easier to communicate and cooperate plans with various sectors. The goals differ in many aspects, we can categorise them into 5 Ps; people, prosperity, planet, peace and partnership. People includes issues concerning poverty, hunger, health and wellbeing, education and gender equality. Prosperity includes sanitation, clean energy, economic growth, innovations and infrastructures, inequalities and sustainable communities. Planet includes consumption and production, climate action, life below water and life on land. These can be measured by using the SDG index which is used in most reports.

In conclusion, currently SDGs is the most standardised and precise method of measuring sustainability even though I believe that there may still be issues with data collection in countries that are less developed. This lecture was similar to a class I've had called TU103 so some of the issues may already be stated but it has made me become more aware of the current situation and that we should change the way we live today.

#3: East-West Economic Corridor (04/07/19)

In order to prepare us for the upcoming Vietnam trip, Dr. Amonthep has given us a workshop on the East-West Economic Corridor (EWEC) which is a development programme established in order to promote trade and connectivity among countries along the Greater Mekong Subregion (GMS). This lecture centered mainly on Laos and Vietnam.

The general economic indicators of CLMV, Indonesia and Thailand were discussed. Indonesia has the largest number of population and GDP amongst all, however Thailand has the highest GDP per capita. CLMV has the lowest income per capita and their real GDP growth averages at approximately 6-7% because small countries tend to have more rooms to catch up and many opportunities.

Laos is a relatively small country so there are only ten special economic zone which this will attract more FDI. The zones lie largely on the northern and center part of Laos as the southern part connects to Cambodia which is more or less at a similar level of development as Laos. There are so many business opportunities in Laos that will attract investors including construction, tourism, energy, retail, food and agriculture, manufacturing, logistics and beauty. It also has many benefits which is richness of natural resources, cheap labour, connectivity with China, stable government and tax benefits!

This contrasts with Vietnam, who has the highest number of special economic zones in ASEAN. Vietnamese government encourages investor to come and invest more in the northern part of the country as the southern part is already business oriented. With all the inflows of FDI, Vietnam's main export are electronic parts which the processing and manufacturing industries share the largest portion of FDI.

The next part of the lecture focuses on Thai exports and investments in the neighbouring countries. There are many activities along the border and CLMV plays a great role in trading with Thailand. A large part of Thai's export of motorcycles go to Laos and

Vietnam as they are not able to afford cars but the population in the higher income bound will usually prefer Japanese products. Thailand has trade surplus with all CLMV countries except for Myanmar as we import a lot of petroleum from them.

Why do we have to invest in other countries? There are many reasons to this and shortage of labour is one of the main ones so Thailand need to rely on foreign workers, such as, Burmese, Laos and Cambodian workers. The Research Office has made a summary of what investment opportunities there are in CLMV countries, for example, business organics and agricultural processing in Cambodia, energy industry and tourism in Laos, basic infrastructure and beauty in Myanmar and vehicle and parts in Vietnam. But this does not mean that following the guideline will be successful as it also depends on many factors such as, laws and regulations, political system etc.

One of the biggest concerns of many ASEAN countries is the aging population. The structural change in age results in labour shortage. However, it can also create business opportunities in many sectors, such as, health care goods and services, real estate sector, financial services etc. To maintain the GDP growth with aging population, countries must increase productivity of labour or use technology to help.

To summarise, most of the details in this lecture are already mentioned in many of the previous ones so it was predictable. The part the I really enjoyed was the debate session where Dr. Amonthep separated the class into two groups and told us to try to convince investor to invest in Laos and Vietnam, we had to find the advantages Laos has over Vietnam which was quite limiting because Vietnam is also developed way further and has more attractions for investors. However, I believe that Laos will be able to catch up in the future if it maintains the connections and relationship it has with big countries.

#### #4: Chonburi-Rayong Trip (05/07/19)

On 5<sup>th</sup> July, we departed Thammasat University at 7am and headed directly to Thai-German Institute (TGI) in Chonburi. TGI is a non-profit organisation under the joint cooperation of Thai and German governments and was established 22 years ago. As the world is approaching Industry 4.0, TGI aims to improve human capital both theoretically and practically in terms of education and skills.

What is Industry 4.0? Industry 4.0 is the era of digitalisation where machines can communicate with each other and the manufacturing sector will definitely have to be more efficient as no humans are required. What TGI does is to train people who applied for the course and it focuses on three technologies; metal stamping, automation and maintenance. Metal stamping is a basic skill that every industry requires worker to know and this will impact the quality of the product a lot. Automation is a technology focused on machines and robots because in the future everything will be integrated with each other through devices. Maintenance is about analysing vibration transducer to plan ahead in the case that the machine could be damaged.

Training is not the only thing that the institute provides, it also provides consulting service, allows large firm to rent machines and the spaces in the institute and does R&D too.

After visiting TGI, we went to Vidyasirimedhi Institute of Science and Technology (VISTEC) in Rayong which is a research institute under PTT Group for people pursuing doctoral degree. VISTEC's short-term goal is to have an outstanding faculty students and staff members and to have the best infrastructure and their long-term goal is that they aspire to be ranked 50<sup>th</sup> in the world university rankings in 2035.

VISTEC attracts their students by giving scholarships of 1,000,000 baht to students who wishes to study abroad at leading universities such as, Harvard and Cambridge and attracts professors by giving them a startup grant, time to do their research and appropriate

salary. They have 4 main area of focus which are digital, biotechnologies, energy and environment and advanced material.

One of the projects that VISTEC is in the process of developing is the ‘Smart City’ which consists of existing education zone, innovation zone and community zone. Innovation zone includes Synchrotron, utility center, solar farm and many more which associates with R&D. Community zone, which combines a friendly design for not only humans but also animals, will also benefit the locals in terms of increasing employment and it will also attract foreigners. This is located in the Eastern Economic Corridor which includes three provinces, Chachoengsao, Chonburi and Rayong. I believe that if this project becomes successful, VISTEC should consider about expanding it to other crowded provinces such as, Bangkok and Chiang Mai as well because it would attract the tourists even more, boosting the economic activities.

To conclude, this trip was amazing, it has showed me the real difference between a government and a private organisation. The part that surprises me the most was when visiting VISTEC because I did not know before that an institute like this existed in Thailand and what they are doing in terms of giving full support to make Thailand become more developed is so great. All I can say is that the facility is the best one yet and, in the future, it would certainly be a great experience if there are the more channels to integrate VISTEC with other faculties such as, economics, laws etc.