

Reaction essay 1 (Aj.Anin)

Overall, this class is talking about international trade. Nowadays, people tend to focus less on domestic economy and try to give an importance to international trade, resulting in the increase in export which also increase the number of value of exported goods as share of GDP and growth of GDP and trade in CLMV countries. Therefore, international trade benefit these countries' economies. However, global trade affect the environment in negative way. For example, shipping which is ship the products and services by various transportations, including boat and plane. These activities release the Carbon Dioxide gas which affect global warming. This is like a trade off between economy and environment. The higher economic activities, the higher pollution released to the Earth. However, some countries are very serious about environmental problem, so that they set the 2 degree celsius emissions budget to control the amount of CO₂ to make the world less severe from global warming. As we can see in the data of shares inward flows of FDI by activities, the manufacturer and financial activity are the main activities in the country. This can be conclude that these activities are the main causes of CO₂ emissions. Moreover, many investors seek for the country that has a lack of environment regulations for their own benefit which can even more pollute the environment. So, is trade good or bad for the environment? this depends on the agreement and policy. For example, FTA generates the positive impact on environment, such as they can produce goods from their comparative advantages and can share technologies that are friendly to the environment. On the other hand, there are some policies that may be choose the economic activities that environment, like lower the cost of emissions to attract more foreign investment. According to the EKC, which is the concept about the relationship between economic and environment, greater concern for the environment quality the lower economic growth. Another interesting concept is resource curse. This concept is about why some countries that should have been richer have failed to reach their full potential. The answer is the lack of democracy, conflict

between people, and the currency appreciation. For example, if the government is not interested the revenue that come from citizens, the benefit will go to the one group of people, also citizens will have no idea whether the revenue are spent well or not. In conclusion, to solve the environmental impact, the government should set a law and regulations and collect tax on pollution emissions.

Personally, I mostly agree with the speaker especially on the increasing of economic activities would increase the impact on environment. As we can see that the main activities are manufacturer and services, the more we produce goods the more resources we should use, also the more pollution to the environment. Imagine the factory that emit the CO₂ to the atmosphere and release the polluted water in the ocean and river. Also, the fact of solving environment problem which are set the law and collect taxes on emissions would be really work because I think that cost and money are the main factors of making decision on investment. Thing that I would disagree is that the lack of democracy is the cause of resource curse. I think the revenues from the natural resources do not make the government less dependent on levying taxes on citizens because if there were really lack of democracy, the government would focus on both sources of income.

The most interesting part of the lecture is that the speaker explained about our neighbour countries, such as Laos, Myanmar, etc. This makes me gain more information about the country that are quite similar to Thailand. I can know that there are many similar things not only the economic growth but also some political factor, such as lack of democracy will cause the resource curse. Thing that make this class differ from other class is that this class explain and give an example about real situations in other countries while other class explain only the concepts and details.

Reaction essay 2 (Aj.Nessara)

This class is about Multinational Enterprises which mainly focus on foreign direct investment. Direct investment is the investment that is made by the direct investor. The goal of direct investment is to be a part of the management and has a lasting interest (when a direct investor owns at least 10% of the voting power. The reasons why the firms want to invest in the there countries are because some countries may have lower rental and lower wage rate, Free Trade Agreement which is benefit both countries from trade, and using some other country resources, such as comparative advantages.

There are 4 main motives;

1. Natural resource seeking FDI eg. Singapore invest in Myanmar for natural gas
2. Market seeking FDI eg. you want to sell in that country, high demand of your product
3. Efficiency seeking FDI eg. Myanmar has cheaper cost
4. Strategic asset FDI eg. you want to invest in the company in Laos because the company has more knowledge of their local more than Thai company

There are 3 main advantages

1. Ownership advantages eg. they may own some assets that other firms may not have
2. Location advantages eg. You can invest in tourism sector if it popular in that country
3. Internationalisation advantages eg. FDI can avoid market imperfection problems

According to Laos case study, we can see that the problem in Laos is the gap between FDI flows and approved FDI that is quite high. This can happened because the lack of confident of investors.

However, things get better on 2009 and 2013 due to the government regulations and the full membership of WTO. We can also see that industry sector is the key sector of approved FDI which means that this sector is important in Laos. For the motives of FDI in Laos, according to the data, the specific important sectors are mining and electricity generation (especially hydropower

generation), this can be categorised as Natural resource seeking FDI. The example of resources in Laos are land, fuel, gold, metal, wood, rubber, and teak. Second, market seeking FDI are the service sector and electricity due to the high electricity from hydropower, such as Wutthisak clinic and Amazon cafe. Third, efficiency seeking FDI, due to the low labor cost, many countries want to invest in Laos, but the availability is quite small due to the low population.

Personally, I did not know much about Laos, so these information is quite new to me. I do not have any disagreement but I would like to make this class to be a new opportunity to learn more about them, so that it will be benefit for me in the future. I think the information of natural resources and other motives are very useful for us, in case someone might want to invest in Laos someday. I also like the way speakers showed us about the specific advantages and disadvantages. This makes me rethink about the future economy and business. I believe that in there future Laos will be one of the country that is more important to Thailand. T think it would be fun if I have an opportunity to visit their and learn about their culture.

This lecture is different from other lecture because the speakers talked about the specific details of specific country which is Laos. I am pretty sure many people know this information from this class.