

Reaction Essay (Week1)

#1: ASEAN: Origin, Evolution and Economy (20/06/19)

This lecture is separated into two parts, the first part Ajarn Chayanee introduced us to ASEAN and AEC and discussed their differences and the second part Ajarn gave us some facts on the ASEAN economy in general. ASEAN stands for Association of South East Asia; it has 10 member countries which their goals are to promote regional cooperation and ensure stability while AEC which stands for ASEAN Economic Community is more focused on the economy as a whole where members strives to increase competitiveness and encourage more trade among themselves. ASEAN was established in 1967, in the early years, member countries were more focused on political economy because they were afraid of the domino effects of communism. However, after the Cold War, they became more focused on economic integration and tried to pursue trade liberalisation through AFTA (ASEAN Free Trade Agreement) by lowering tariff bit by bit and letting the market function on their own.

They also supported capital liberalisation which means that firms can borrow at a lower cost to invest and can also attract more FDI from external sources as well as within ASEAN itself. I would say that the key advantage of ASEAN countries is cheap labour so countries with higher cost of labour who wishes to produce labour intensive products will invest more in ASEAN countries and also with evolving human capital meaning better educated and more skilled workers, this would increase their competitiveness.

From my point of view, what ASEAN have done so far has been a great success to a certain extent as their average macroeconomics figures (GDP per capita, GDP growth volatility, export and import, FDI etc.) has always had a positive trend which indicates a rapid expansion. However, what could be a challenge is closing the development gaps between ASEAN6 and CLMV as CLMV countries are less developed and may lack resources to cope with financial crisis or build infrastructures to meet demands.

#2: Cambodia Economy (21/06/19)

This lecture was given by Mrs. Lay Chanrasmey, who is a counsellor in charge of Political and Deputy Head of Mission at the Royal Embassy of Cambodia. Mrs. Lay educated us on the bilateral relations between Cambodia and Thailand and also gave us details on the Cambodian economy. The main focus of this lecture is on how fast Cambodia's economy is growing in terms of trade, tourism and economy as a whole. Cambodia has a steady growth of approximately 7% per year since 1995 which makes it the sixth fastest growing economy in the world, this fact actually surprises me because before taking this course, there are many areas that I thought Cambodia has no potential in but in reality, it is emerging really fast, for example, education. Education is an important linkage between Thailand and Cambodia as since 2001, Cambodia has been receiving supports from Thailand especially HRH Sirindhorn, who provided scholarships for Cambodian students to study abroad.

Some questions were raised in class on the political situations in Cambodia, Mrs. Lay told us that there are very little concerns about Prime Minister Hun Sen's victory of the past election. However, my opinion differs as I have read the news that Prime Minister Hun Sen is turning Cambodia into a one-party state and I think that will cause a lot of riots and uncertainties among the population which has a great impact on the economy, for example, unemployment rate could rise as workers could go on strikes and some could get fired and there could also be issues with their trading partners or associations (CLMV, ACMECS etc.)

In conclusion, this lecture has given me a lot of knowledge and has corrected many of my misunderstandings about Cambodia. The part that interests me is about investment, labour force and trading across the borders because as Mrs. Lay has mentioned during the lecture, there are still some loopholes of having too little international checkpoints that are legalised, so in the future, if there are opportunities of doing business in Cambodia, these would be the areas that I would look into.