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Essay June 24, 2019

- unstructured
- pls provide your opinion

CLMV stands for Cambodia, Lao PRD, Myanmar, and Vietnam. Since CLMV joined the ASEAN, its economy tends to grow consecutively. CLMV countries have become the trading partner with the worldwide more than the past in the part of export and import. In Cambodia, the world trade statistic show that Cambodia has trade deficit that means they have the export value more than the import value since 2012 and the important trading partner of them in the part of export is the US for 21.3 percent of all their export product and in the part of import in China for 36.8 percent of all their import product. The most of export product in Cambodia is garment and most of the imported product is fabric material. For trading in Lao PRD, the statistic showed that Lao trading is always deficit since 2010 and China and Thailand are the important partner for the export and import part for 36.1 and 61.9 percent respectively. The main export product for Lao trading is Copper ores and concentrates and for the imported produce are Petroleum oils and oils from bituminous minerals. In Myanmar, the table shows that from 2010 to 2012, Myanmar was trading surplus from 2010 to 2012 and it has become a deficit since 2014. The main trade partner of Myanmar is China for both export and import for 40.8 and 34.4 percent respectively and the most export product is gas and the most import product is oils. For Vietnam, the main export and import goods are electronic material and telephone set and the export value equals to the import value. Vietnam's trade partner is the USA and China for export and import respectively. Furthermore, the percentage of inward FDI among the CLMV countries also has been growing continuously and especially in 2015 which was the year of the establishment of AEC, the percentage grew rapidly from 6.82 percent in 2014 to 39.39 percent and Vietnam is a country that had the highest in the growth portion for FDI followed by Myanmar, Cambodia, and Loa PDR.

As the growth rate of trading and FDI in CLMV countries, Thailand is one of the countries that are the key business partners and investors. During 2010 – 2016, Vietnam was the highest trade value with Thailand for around 11 thousand USD followed by Myanmar, Lao PDR, and Cambodia but there was only Myanmar that has trade surplus which means that they export from Thailand more than import. For Thai direct investment during 2010-2016, there also was Vietnam that was the highest Thai FDI followed by Lao PDR, Cambodia, and Myanmar and the wholesale, retail and industry are the main sectors that Thailand invested a lot.

Therefore, the expansion of CLMV economy in term of export and import leads a lot of money flow in their countries and the deduction of unemployment. In my opinion, this boom not only gives the advantages to the part of the economic side, but it also provides these countries with the opportunity to access the new technology that comes with foreign investors and the opportunity to improve their infrastructure and education within their countries with the money that flows in.

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Essay June 24, 2019 (afternoon lecture)

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Branding is one of the important parts of marketing, nowadays, many companies use the brand in order to communicate with the customer in terms of the name, term, sign, symbol, or design. “How the brand is important?” brand provides the differentiation among the goods and services in the market and it also creates awareness, reputation, and prominence to the brand owner. Moreover, branding can combine with advertisement which is one of the IMC methods that stands for Integrated Marketing Communication in order to make the customer more understand what the seller tries to communicate and make the brand to be the top of mind of the buyer.

For the international trade between the country, branding for each nation still is useful for trading. The brand of difference countries represents the difference of the culture that can imply to the customer behavior of each country or we can say that culture help to build the brand as well. In South East Asia countries, mostly they use the animal for the symbolic of their country, for example, Thailand uses an elephant to be Thai symbolic and the meaning of that is an incredible strength, durability, and longevity.

In addition, technology also plays an important role in creating the brand same as culture does. Nowadays, most of the peoples around the world are able to access the social media easily by Facebook, Instagram, Twitter, and others, especially in ASEAN country that have rapidly increased the percentage growth of social media user from the past decade. The social media provide the 2 ways message to the producer which mean that consumer can give the feedback about the product that will be the good point for the producer to receive back the

feedback and improve their own product, and the seller can analyze about the consumer behavior through the message as well.

For brand building, there are 4 steps to create a strong brand. The first steps are segmenting and targeting that the brand creator needs to make sure that the brand of the product relates to the targeting mind. The second step is brand positioning. The brand positioning is the establishment of the meaning of the brand to be the top customer's mind, for example, Thailand uses 5s to do this step. The 5s consist of Saduak or Convenience, Sabai or Relaxed, Sanuk or Fun, SA-Thu or Blessed, and Smile to represent Thai positioning. The third step is the communications through the brand element. The element of the brand includes Brand names, URLs, Logos & Symbols, Characters, Slogans, and Packaging. This step has to put all the variety of the brand element to add more brand awareness, facilitate the formation of strong favorable, and associate with a unique brand. The last steps are customer relationships that have to convert brand to create an intense, consumer loyalty.

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The international logistic and Cross border development started in the Industry 1.0 era in the 18th century which is the era of the steam machine. Then, in the 20th century, there were become to be the industry 2.0 that electrical energy became an important role in the industry and. After the third industrial revolution, the industry became the 3.0 era that computers and electronics were the main parts for industry and the supply chain of this era was the B2B or business to business. For these three eras, there were the red ocean which is the high competition area for the same type of product that mean the main strategy for selling is pricing strategy. However, in the current period, the industry has been a revolution to be the digital era and become industry 4.0. Most of the customer has changed the consuming behavior because they are able to access the internet more than the pass. Due to the changing, the supply chain has to re-design from B2B to B2C. B2C or business to consumer is directly selling to the consumer. With the new industrial system, innovation also has been required for the product, service, process, and business.

Due to the changing of the international industry, ASEAN countries also have to develop in order to catch up on the worldwide trend. The urbanization or the change of rural to urban is required that Southeast Asia peoples need to adjust themselves in order to show that they ready for the new business and job system. Moreover, infrastructure and institutions need to improve from domestic to international. And, trade facilitation has to be a one-stop service in order to provide convenience for the trading partner. Furthermore, ASEAN needs to re-design their border trade and business to associate the B2C which mean that logistic system and the bigger data become an important role for them. So, there are 3 flows for re-designing

of business and border trade which consist of People, Product, and Capital. For the first flow, the flow of people is about the tourist that there is the new rich tourism that come to visit ASEAN. For the shiftment of the new rich, they tend to change their landscape and demography following their age. The second flow, Product in ASEAN mostly is the agricultural product. And the third flow or capital, it relates to the land and resources which can set the plant and to set up the industrial zone.

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FDI or foreign investment is one kind of border investment that has the objective to establish a lasting interest in the enterprise. There many types of FDI based on different factors. First, FDI base on the direction of investment which is inward FDI and outward FDI. Second, based on the type of activity include horizontal FDI and Vertical FDI that the vertical FDI divides to be backward FDI and forward FDI. Next, based on modes of entry is separated to owned subsidiaries, merger & acquisition, and joint venture. Next, based on the nationality of investors are wholly foreign-owned and the joint ventures between a foreign firm and local firm. The last type is the types that we focus mostly on the class that is FDI based on motives of FDI. The motivation of the direct investor is a strategic long- term relationship with the enterprise in order to make sure that a significant degree of influence by the direct investor in the management of the direct investment enterprise. There is 4 motivation of the FDI which are Natural resource seeking FDI, Market-seeking FDI, Efficiency seeking FDI, and Strategic asset seeking FDI. For the natural resource seeking FDI, the investor is looking for the lowest relative cost of the natural resource. For market-seeking FDI, the foreign investor seeks for the new market sector in order to export their product. For efficiency-seeking FDI, this seeking reflects the decision for operation and it associates to the specialization of the various branches in the internal network. For the strategic asset-seeking FDI, the assets of the foreign firms are applied to create cooperate with the firm-specific advantages.

The determinants of FDI have relied on the benefits that foreign firms would get after they come to invest. For the OLI framework there 3 types of advantages. First, ownership advantages are the benefit that the firm would receive from assets (Oa advantages) and

transaction skills (OT advantages) such as firm-specific knowledge, marketing capability managing capability, etc. Second, location advantages are one of the advantages that firms would get from the country that firm come in such as the political party that some country willing to provide the policies that give the advantages to the foreign investor in order to attract them for investment, cultural values that suit for investment. Third, the internalization advantages are the benefit that firm overcome market imperfection problem. Moreover, another framework is FSAs/CSAs. Started with FSA or the firm-specific advantages, this is the advantage of the firm's unique resource to generate competitive advantages. And, CSAs or country-specific advantages is the benefit which can gain from the environment of the country.

In my opinion, I think that the coming of the foreign investor is good but it may affect the domestic part that means it depends on the government managed to make the balance between domestic and international investment.

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Essay June 27, 2019

Some people always say that FDI and FTA will expand more pollution, but there is some evidence that shows the opened free trade area would adopt cleaner technologies or when income increase, demand for environmental quality will increase too. However, the Heckscher-Ohlin theorem said that which countries well endowed with the environmental resource should specialize in the production of environmentally damaging goods. And, there is the concept of the EKC or Environmental Kuznets curve. EKC is the curve that represents the relationship between economic growth and pollution which is inverted U shape. The reason for invert U shape for this curve because the growth is the first priority, environmental controls are nonexistent, and people always concern on economic development more than concern on environmental effects. But, after the turning point which implies that is a higher level of development, pollution tends to decrease because of the stringency of environmental.

In the class, we separate 3 types of the effect of trade liberalization. First, the scale effect is the effect that when economic growth which increases the economic activity, it will equal the scale effect that will cause environmental damage. Second, the composition effect is the effect of dirty commodities or environmentally intensive and capital intensive or capitally intensive commodities. The last effect that we discussed in the class is the Technique effect. This is the effect of technological dissemination through trade liberalization that means some country have not enough knowledge and innovation for their owned production. This is a good effect that when trade increases income per capita, people will give more concern on environmental quality.

The resource curse is the paradox of plenty that refers to the paradox that countries with an abundance of natural resources tend to have less economic growth, less democracy, and worse development outcome than the countries with fewer natural resources. The cause of this curse stems from the lack of democracy, conflict, inefficient spending and borrowing, and Dutch disease.

In my opinion, Of course, that liberalization trade causes damage to the environment, but sometimes we have to trade off between the growth economy and the fallen of the environment. In the future, I believe that people may create technology that can solve the environmental problem for example, the electric car that is the eco-friendly car which uses electricity instead of oil or gas is developing and if we use this car instead of a normal car for transportation, it may decline some of the environmental problems.

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If we talk about the economic growth in Asia, in 1960 – 1990, there were 7 countries which is Thailand, South Korea, Hong Kong, Singapore, Taiwan Malaysia, and Indonesia that maintained very high growth rate around 8-12% called Asia miracle because of high interest rate, rapid industrialization, industrial policies, and high export. But, the total factor productivity had increased only marginally that was not growth in capital investment. Nowadays, China and Vietnam become the new miracle of Asia because of 3 factors that are embracing trade liberalization complementing, external liberalization, investing heavily in human and physical capital.

There are measurements of economic development which is GDP growth, Income per capita, HDI, and IDI. For income per capita, it shows the level of income in each country that they are low, middle, or high. It difficult to develop from the low income to middle income or from middle income to high income but there is the concept of development thinking path that is structuralism which is the emphasizing of the market failures and the proposal to build the industries similar to the high- income country by government intervention and neoliberalism focus on government failure and propose to build institution similar to high - income countries. However, there only had Korea and Taiwan that can move up to be high- income status because most of the countries have been trapped in the middle – income trap. For HDI or human development, index is the index that indicates a long and healthy life, knowledge, and standard of living. The indicators of HDI are life expectancy at birth, expected years of schooling, mean years of schooling, and GNI per capita. And for IDI or inclusive development index is the index that represents the domestic productivity and

domestic competitiveness and it relates to domestic institution including Informal institution, political institution, and economic institution.

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Essay June 28, 2019

How to increase welfare? The measurement of people welfare is the GDP per capita. The next question is How to increase the GDP per capita. The answer to that question is you need to develop productivity. There are 3 needs that a country has to develop productivity included Industrial Diversification, Industrial Deepening, and Industrial Upgrading. First needed, industrial diversification is the creation of the new industrial capacity and sectoral diversification. "You become what you export" this is the sentence that implies that if you improve more advance on the export package, the country will grow rapidly and successful diversification can expand product categories and distant product lines. Second, industrial deepening is the creation of local linkage and complementarities that create a more complete, balance, and interlinked industrial structure. Third, industrial upgrading is aimed to have a more advanced and competitive industrial structure to be more complex technological advance and enhance the capacity for value creation. This 3 needed is called SIP or strategy industrial policies that identify priorities and promote cumulative in the direction.

There are several reasons that SIP is the rationale. First, market failure due to misallocation of resource, imperfect competition, Externalities, and insufficient information is the case that government have to intervene, for example, if people always import the product for aboard, they will lack knowledge and don't learn to produce, the productivity will decrease that will link with the concept of the learning curve that is more productive, more productivity. That why the government needs to intervene by using tariffs to prevent market failure. Second, micro issues, learning process, and strategic industrial approach is the innovation system that needs to improve. Although the country has an abundance of everything associated with creating productivity, the innovation system does not work meaning that everything that the

country has also not worked. Therefore, the government needs to intervene to make the system work.

East Asian Industrial policy is the coordination of complementary investment, investment regulation, investment cartels, and negotiated capacity cuts to ensure the scale of economies and production scale. The targeting of the policies is inevitable. Moreover, it is not true that less targeted policies are necessarily better.

Export is the key to economic development meaning that in order to success in export, it requires industrial policy because the export market has a high fixed cost of entry. The export policy is included direct export subsidies, state marketing help, risk sharing through the loan, legal, and financial support.

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