Week 5 Essays

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Christy Tak

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Mr. Chanchai Ochapong, general manager of Supergas Vietnam gave a presentation titled "Difference Dimension of Doing Business in Vietnam". He began with an overview of the company, including a timeline of key milestones, such as when the company was founded (1976). The structure of shareholding is broken down into – 61.2% for the management sector and 38.8% for the public sector. Their business model is structured around efficiency in all forms of gas, from when it is transferred and refined all the way to when it reached both the household and transport industries.

Next, the speaker talked about some of Vietnam's demography and geography. The North has tropical climate, while the South can be either dry or rainy. Vietnam has one of the fastest growing economies in the world, averaging around 6-7% growth per year, and the country is the second largest exporter of rice. The unemployment rate is at 2.2%, and rhe inflation rate is at 4.0%. Currently, Vietnam is a country that is attracting FDI and other kinds of investments because of its advantages of its potential as a developing country with a young population, new market opportunities, cheap tax and labor costs, and decent infrastructure. The speaker also talked about how FDI in Vietnam are handled extremely well, with good levels of transparency and high proportion of shareholder power, which both contribute to an increase of inward flow of FDI from 2015 to 2017 (11,800 mil to 14,100 mil USD). Despite these advantages, Vietnam still faces many challenges, such as with unclear government policies, quality of education, and low standard of living.

One thing that stood out to me was how different North and South Vietnam are in terms of culture and lifestyle. It is interesting because we see this pattern of separation between regions of the same country that are geographically in very different places. For example, even in California where I come from, the southern and northern parts have many differences, from the way we talk to the way we dress. As an economist, you must always pay attention to the smaller details on the local level. Seeing the differences between the North and the South, such as in preferences of food and culture of marriage, reminds me that you cannot assume that all people from the same country want the same thing. Investors needs to understand their consumer base on a customized, specified level. In my opinion, this is one the most important parts of doing business. It is vital to know your potential consumers in order to change your product or business model to suit their tastes, otherwise the business will fail before it has even begun.

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Today was the visit to the Bangkok Fintech Fair and Asian Development Bank. I was not able to physically be there, but these are some takeaways I got from other classmates' notes. ASEAN countries do not have as many credit cards as the United States. I was not sure why this would be the case so I researched it and the main reason that this would be is because there is less established trust in banks in Asian countries. Furthermore, in these countries, "cash is king" and continues to be the preferred method of payment because of its reliability and ease. In the talk by Everex, the speaker mentioned a "stablecoin" digital currency integrated with some banks. He further mentioned that while cryptocurrencies are usually very volatile (changing in value 10-15% every day), this was not the case for stablecoin, which only changes around 1-2%, like the US dollar. My friends went up to the speaker to ask him questions about stablecoin because they were not so convinced that it could be so different from other cryptocurrencies. He said that it was part of the block chain connectivity, but this was not a sufficient enough answer to satisfy my friends' question since other cryptocurrencies such as Bitcoin and Etheruem are secured by block chain but are still very volatile.

Another interesting discussion my classmates had was about QR code payment. It is clear to see that not only Thailand, but ASEAN is trying to move towards an integrated payment system in order to improve convenience and effectiveness in payment, which would ultimately encourage and facilitate more trade between the ten countries. For cross border QR payment, the most promising option is the "sponsoring bank model," which links correspondent banks of each country. This option seems the most viable because people are more likely to trust the banks that they know. The concept of moving to digital payment entirely is very intriguing to me. I could definitely see many countries moving in this direction as time goes on, but it is going to be a long process. Especially in ASEAN countries, where there is such a heavy reliance and trust in cash, the switch from cash to no cash will be a long process. To be honest, I am uncertain of whether or not that complete switch to cashless society will ever be able to happen, but the initiative being taken by ASEAN countries is a big push in that direction.

The second visit was to Asian Development Bank, which is owned by 68 governments' finance ministries and has a rating of AAA. The AAA rating means that the bank is very reliable and has an easier ability to give out loans. ADB has seven main SDG goals in hopes of improving rural development, strengthening government, eradicating poverty, improving gender equality, and avoiding climate change. An interesting idea that was brought up is "green bonds," which are bonds that are specifically to be used for climate and environmental projects. In our current climate situation, it is encouraging to know that banks like ADB are putting aside money and effort in contributing to improving our environment, not only looking at ADB centered future needs, but also the future of our planet.