Trade and environment (Ajarn Anin's class)

It is undeniably true that trade liberalization has been creating such a large impact to global environment and one of the most concerned international issue is the emission of Carbon Dioxide or CO2 or the main driver of the global warming. As Ajarn Anin mentioned in the class, the huge amount of cargoes that ship around the world on the first video clip show that many countries create the pollution to the world and emit CO2 to the atmosphere because country around the world export and import good to each other. Free trade also expand more polluting industries because people will have an incentive to build industries in the lax environmental regulation country or can be called pollution heaven. However, international trade also bring benefit to that country by improve the standard of living in the country, increasing the income of citizen, improving environmentally technologies, and also improving education.

From my own perspective, I believe that international trade brings both negative and positive impacts to the environment. Starting with negative impacts, when the global trade rise, it means that there are increasing in cargo ship that deliver product across the countries which will increase the use of fuel and the CO2 emission all over the world. The effect of accumulated CO2 in the atmosphere or the consequences of Greenhouse effect will not appear today but it will definitely harm to the future generation. On the other side, free trade also benefit to the country economic growth and increase country's revenue now that there will be globally trades across different countries and this will boost the business sector in that country. It also increases the inflow of technological knowledge that can help improving eco-friendly technology to produce goods in the environmentally friendly way.

The most interesting topic of this class is the method that each countries use to tackle the environmental problem. As we know that environmental problems is a public respond or the international externalities, so nations must cooperate and be aware on this issue. I have researched and found that one of the world largest emitter green house gas is the United States. US have been implemented several policy to limit the GHGs or green house gases and some US companies have cut emission 10 percent or more. Even there are several efforts trying to solve this problems, US still fail to suppress the overall growth in US green house gas. Therefore, this issue is not a nation issue but it is an international problems that global should be concerned. With this reason, Border tax adjustments were created to increase the price of using carbon dioxide by imposing fee on any product that produced from the country without carbon pricing plan. The border tax adjustment will also gather and encourage other several countries to be involved in the global climate agreement and raise environmental awareness in their country.

To sum up, it is true that international trade bring negative consequences to our environment, but it also gives us the positive outcome to our economy. Therefore, every country should be aware and raise awareness on its own country that environmental problem should be solved by every one help not a single country.

MNE and FDI in Lao (Ajarn Nessara's class)

A foreign direct investment (FDI) is an investment that decided by firm in one country that want to initiate business sectors located in foreign country. FDI comes with the objective of establishing a lasting interest which differ from portfolio investment. To clarify, the lasting interest is an investment where investor own at least 10 percent of the enterprise, so they have power to manage the company while the investors in portfolio investment such as stock market investor do not have any influence on the management.

FDI can be categorised base on different factor such as direct of investment, modes of entry, nationality of investors, and motives of FDI. The most interesting categories is modes of entry which consist of owned subsidiaries, merger and acquisition and joint venture. There are several companies that controlled and owned by another oversea company (host company must own more than 50 percent of the subsidiary company) which can be called owned subsidiaries. This type of FDI is common in real estate industry, giving Ocean Club Residences and Marina as an example. When the company take over another foreign enterprise, this is an acquisition. However, merger is when two or more firm agree to merge their business together. Lastly, when company jointly invest with another firm. It is common for foreign investor to invest with the local business owner because local firm know best about their country, so foreign firm can take advantage from local knowledge and improve their business to suit for located country.

In the class, Ajarn Nessara gave the study case of the foreign direct investment in Lao. This study shows that in past several year Thailand is one of the key investor in Lao, but with the level of actual investment of Thailand lower than the approved FDI, this encourages Lao to welcome more countries to boost their economy. Therefore, in recent year, China has been one of the key investor in Lao now that China have strong policy that support FDI across countries. There are several motive for foreign countries to invest in Lao such as natural resource seeking and market-seeking FDI. As we know that Lao is abundant of natural resource such as Tim, gold, fuel, and hydropower which is the source of electricity generation and with the GPS or generalised systems of preference from other country will attract more foreign investor to fund in Lao now that they will get privilege from tax reduction in developing country. For instance, some developing country such as Lao and Thailand might receive special import tax rate from developed country. Moreover, Lao have provided cheap labour cost, low cost of production and adjusted the investment regulation to support FDI in their country. With this reasons, Lao is one of the interesting destination for another country to expand their business.

In conclusion, firm will decide their targeted country to invest base on many factors such as market size, regulation and labour that generate the highest profit. They also need to consider the negative factor to be aware of the consequences. Thus, it is important for foreign country to study and research about the host country before starting business in order to be ready to handle every possible situation.