

Reaction Paper

ASEAN Financial Integration

It focus on main issue of freer flow of capital. Capital account liberalization contain with first import and export , income transfer and second is FDI, FPI depend on the amount of money you need to invest.

Focus on capital flows of Asia. FDI almost positive all the time mean that there is mostly stable because you buy the whole land so it's not easily sell all of them immediately. Unlike FPI and loan that you can sell some of it for get money back therefore, these two will show deficit in balance of payment when crisis happen. So portfolio is the most riskiest flow. Moreover foreigner can buy stock but we can't buy foreign stock individual but you can buy with mutual fund only(step4). However we haven't liberalize yet

Measures of capital outflow is different between policy conducted by Malaysia and Thailand so we need to stop outflow. Malaysia said that if you want to sell, you have to wait for 1 year what happen if you have massive inflow, it is appreciated. Because Thailand is exporting country so we need to stop it by hold money in Thailand for 1 year if not you would pay tax 30% so investor don't happy about it. In term of freer flows of capital in international investment agreement, investment important because it cover capital as well for example free trade area in goods services and investment.

Moreover there are basic framework of International Investment Agreements (IIAs) consist of scope: tells what in and out, obligation: what you have to do: national treatment to transfer: transfer fund freely and sue government if foreigner was cheated and exception: obligation can deleted by exception if you don't follow obligation, investor can sue them

At the end of class, we have fun activity, mock negotiation. We separate into two group, ASEAN and Korea in order to try to negotiate achieving their own satisfaction. This show how

tricky of regulation is because changing only one word, meaning also change. Therefore, it represent the difficulties of negotiation between two countries.

China

We have P'wan BE21 telling us about her experience and her life in China as well as external environment and economic situation. She talks about China in the past and nowadays. How China generate their population in the past as a propaganda leading people to the same way with strongly laws and regulations that come over "family" for example if mother say something bad with government, children may tell the government to kill their mother. And also 1 child for 1 family in order to control their population

Nowadays E-commerce is vry popular in China and it is very important especially via smartphone. You have to pay through application for example Alipay in smartphone even a small shop. This system implies that lots of people in China use smartphone so China need to be cashless society. The problem is if your smartphone was run out of buttry, you cannot go anywhere even buy some food.

However, inequality still be a problem in term of cost of living, education system and working place in the future. The rising cost of living in developed city such as Shanghai. She said that their cost of living was double compared to Thailand even in night life. Education and working policy that you have to study and work at that city you was born. This lead to inequality in education because the standard of education for each country is not the same and if you want to study in other city namely Shanghai and Beijing, you need to more tuition fee and higher admission score compared to member of that city. This means poor cannot improve their skill and change the class of living. This increase gap between rich and poor. Moreover she said that China don't want to increase quality of education because the higher skilled labor, the higher possibility of democracy.

For trading system, China has high price competitiveness and more power to compete with other competitors. "One belt, one road" is policy for trading in ASEAN through railway system in order to increase GDP and bargaining power. However, rising industry and service sector impact their higher wage rate than before.

In my views, China will number one of powerful country in the future because of their high trade power and their internal business. I think that the higher wage rate would not impact on lower FDI because according to my experience, China has high technology in term of machine and innovation. Some production such as garment, China has high technology machine which is very expensive so there is only China can produce with this technic as P'wan said that now China didn't copy technology but they improve that technology and they need to be the leader of technology and innovation