EE551:*Selected Topics in International Economics 1*

EE561:*Selected Topics in Development Economics 1*

Reaction Essay

Apimuk Chanpiriyaporn 5904641320

June 24

International Trade and FDI (Morning)

This lecture is addressing about Cambodia, Laos, Myanmar, and Vietnam (CLMV) trade and investment. At the beginning of the class, the teacher didn't tell us anything but providing statistic data of CLMV trade and investment which including CLMV trade with the world for each country graph, important trading partnership, and commodities, trade with Thailand, inward FDI, Thai direct investment to CLMV. She also gives us a discussion time in order to a conclusion at the end of the class which regards key messages including CLMV trade with the rest of the world, CLMV trade with Thailand, CLMV inward FDI and Thai direct investment in CLMV. For example, Myanmar trade with the world fluctuate more comparing to CLMV countries which causing from domestic political issues, Vietnam has the highest trade volume among CLMV countries with steady and stable growth, Thailand is the biggest trading partner with Lao PDR with 61.9 percent of import volume and 31.3 percent of export volume, Myanmar key export goods are petroleum gas (Thailand has the gas pipe from Myanmar in Kanchanaburi.), Myanmar is the only country that has a trade surplus with Thailand comparing with CLMV countries, Laos has lower luxurious goods tax than Thailand, Thai FDI in Vietnam was highest among CLMV countries etc.

I love this class because most of this lecture is the statistic, which we could see the real trading volume not only within CLMV countries but also with the world including Thailand. Moreover, the discussion makes us analyze the graph with the group and classmate. It's very impressive to listen the others opinion.

Marketing in CLMV (Afternoon)

This lecture is starting with letting every student in the classroom stand up and say hello or "Sawasdee-krub/ka" which is a Thai culture's greeting. The lecture providing the meaning of the brand which is a "name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.". The uniqueness of the Thai greeting component causing a brand that identifies and differentiate it are brand elements. A teacher also said that everything can be branded which consumers perceive such as physical goods, service, retailers, online products, people, organizations, sport, location, etc. Moreover, culture and technology have a vital role in consumer behavior in modern society; cultural uniqueness in each country such as individualism/ collectivism, masculinity/femininity, power distance index, etc., technological factors such as social media penetration, digital growth, etc. The teacher provides a number of examples that could make it more easy to understand, one of them is "Share a Coke" campaign which had people's nicknames and their expressions printed on the product in Thailand, Malaysia, Vietnam, and many countries. The last part of the lecture is the four steps of brand building; Segment & Targeting, Brand Positioning, Communication via brand element and Customer Loyalty. The one of my most favorite in this part is Thai uniqueness of brand positioning which is 5S; Saduak(สะดวก), Sabai(สบาย), Sanuk(สนุก), Sathu(สาธุ) and Smile. Because it was easy to understand and effectively. Most of the examples in this lecture are not too difficult to understand with some videos, and I could approve this lesson in daily life.

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June 25

Logistics and Supply Chain development in ASEAN

Logistics is a very important factor for international business. This lecture is talking about macro-level international logistics and cross border trade in ASEAN. In the beginning, The speaker provided the basics information of international business. He provided German idea of the business industry in international logistics cross border development into 4 terms which is industry 1.0 or agricultural, industry 2.0 or industry, industry 3.0 or heavy industry and industry 4.0 or industry innovation business analytics (In industry 1.0, 2.0, 3.0 using only basic logistic transportation which is by road or sea only) , and also provided sub-topics or innovation which is product innovation, process innovation, service information and business model innovation. Industry 4.0 would fighting with "Red Ocean Strategy" or Pricing strategy, "Blue Ocean Strategy" or Customer-oriented strategy and "White Ocean Strategy" or Collaboration strategy. He also separate the business trading process into 2 types; B2B or Business-to-Business and B2C or Business-to-Customer. The interesting point of this speaker is, for each terms, he have an amount of examples and cases, such as an industry 1.0; export fresh durian in the past, and innovative processed durian in the future or an industry 4.0; business re-model by using market expansion or changing in supplier etc.
Moreover, he also said that cross border is very important in ASEAN because we using brother system which is an unofficial international business making a low tariff and easy to trading. In the end of the class, he give us a time to discussion and launching an international business by using the model that studied in the class. In my group would generate the coconut oil cosmetic product and

export to Japan by using the White Ocean strategy or using the international supplier from Vietnam for minimize cost of production and using the Blue Ocean strategy or customer-oriented in Japan.

According to the lecture, I agree a lot of things that speaker provided. Mostly are case studied from within ASEAN and Asian countries such as India, Japan etc. However, the some of the case that he provide in the class are without infographic or not in the lecture. In conclusion, I like the way of he explain us the information and support us in the discussion part.

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<u>June 26</u>

FDI motives and determinants in Lao PDR

In the beginning of the class, the teacher provided us about the definition of multinational enterprises or MNEs which is companies or other entities established in more Tham one country and so linked that they may co-ordinate their operations in various way. And FDI or Foreign direct investment ion a category of cross-border investment. FDI could classified based on many types including direction of investment (inward or being a hub of investment/outward or being an investor), types of activity (horizontal or as customer hub/vertical as the production hub), modes of entry (owned subsidiaries, merger& acquisition, joint venture), nationality of investors, motives of FDI (natural resource-seeking, market-seeking, efficiency-seeking, strategic asset-seeking). The teacher also talking about determinants of FDI which could divided into 2 framework; Dunning's OLI framework (Ownership, Location, Internalization advantages) and FSAs/CSAs framework (Firm-specific and Country-specific advantages). After teacher provided basic information of FDI, she also gave us the economic data of Laos such as FDI net inflow which increasing rapidly, Approved FDI by sectors and country. In discussion part, my group picked the Thai zipline tourist activity business to invest in Lao; by using market seeking FDI motives. According to Dunning's OLI framework, we approved location advantage into geographical location/access to customers and local opportunities. For home country specific advantages are low language barrier in Laos, not effect to Thai environment but we could loss of tourism, and loss of money which increasing unemployment and Host country specific advantages in Lao PDR are the improvement of services and infrastructure, travel/tourism contributed 2 billion dollars to the GDP of Laos in 2017 which accounted for 13.7% of total GDP, increasing employment. However, There could be an environmental implications such as trash, destruction of trees, destruction of wildlife habitats

The discussion part is my most favourite part because we could find more data about Laos and also the zipline tourism is the interesting business that Thai investor could invest in Laos or the nearby countries.

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<u>June 27</u>

Natural resource and environmental issues & stories from Myanmar (Morning)

The CLMV countries have a rapid growth of total exports and imports of goods for last ten years which is around 70 percent share to GDP in 2016, and also, the growth of FDI inward flow, the growth of tourism sector, which causing from the globalization. The impact is decreasing on level of environmental standard such as pollution. Trade liberalization or reducing barriers to tradecould directly affect environment. A teacher provide some of idea of internal trade theory including the Heckscher-Ohlin theorm which suggest that trade is determined by differences in factor endowment and specialize on the production of environmentally damaging goods. Moreover, the environmental Kuznets curve or EKC, an inverted U shape, implying that the stage of early industrialization are connected to relatively high degree of pollution as growth-oriented economy. However, environment awareness would be concerned when more advanced economic development. According to Grossman and Krueger's scale, composition and technique effect which imply that the scale effect will increase emissions and technique effect will decrease emission. So, the overall impact of trade liberalization is an empirical question of production. However, the lack of democracy would be cause of resources curse which is the paradox of abundance of resources but less growth and less democracy causing worse economic outcome such as politicians and government officers are less directly tied to citizen demands and keep the resource revenues are secret. A teacher provided the Myanmar's Jade industry case which is the good example that picture the resource curse. I like the Myanmar' Jade documentary that the teacher opened. It seemed dark and hopeless for local people around Jade mines. I do agree for all this lecture and felt awareness for pollution causing from economic growth.

Economic Development (Afternoon)

The Asian Miracle is the scenario that Thailand, South Korea, Hong Kong, Singapore, Taiwan, Malaysia, Indonesia have a very high growth rate in 1960s - 1990s which causing from high interest rates, rapid industrialization, policies and high exports. For this lecture, a teacher was talking about economic development starting from structuralism in the first race and neoliberalism in the second wave which was disappoint performance between 1950-2008. Most of developing economies have been stuck in middle income trapped which causing from not enough high economic growth, unable to compete with low-wage economies in manufactured exports and with high-skill innovation economies. FDI is one of the tools such as special economic zones which lead to increasing productivity and competitiveness. In the end of the class, my group presented the Rule of Law Index which Measures how the rule of law is experienced and perceived by the general population. Based on eight factors: constraints on government powers, absence of corruption, open government, fundamental rights, order and security, regulatory enforcement, civil justice, and criminal justice. According to the latest year, Singapore is the highest rule of law index in ASEAN, Thailand is the fourth and there are no Laos and Brunei data.

It’s very interesting for rule of law index which could turn the effectiveness of law enforcement in each countries into the score.

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June 28

Industrial Policy and CLMV Economy

This lecture is talking about industrial policy and economy The strategic industrial policy(SIP) is a packages of policies aimed at steering economic activity in a particular direction such as foster new industrial capacity, diversify production, create inter-sectoral and inter industrial linkage etc. SIP could divide into 3 parts. First, Industrial Diversification aimed to creating new industrial capacity and sectoral diversification, investing capital in new activities, increasing the role of manufacturing in production and expanding the range of products that is produced and exported. Second, Industrial Deepening aimed to creating of local linkages, complementarities, more complete, more balanced and more inter-linked industrial structure. Ans the last is Industrial Upgrading which aimed at fostering more advanced and competitive industrial structure, enhancing the capacity for value creation by moving to higher value economic activities. However, SIP is adjustable. A teacher provided the different failure of export-oriented industrial strategies and import-substitution industrial strategies such as den-seeking could found in import-substitution economic while low technological capability could found in export-oriented countries. He also discussed about market failure among learning curve effect and infant industry graph.

I'm very interesting in the Ha Joon Chang research about "Can we go beyond an unproductive confrontation which a teacher put in the lecture. The research opened with the east asian economic history about industrial policies and the statistic which show that Japan was the first country used the term "industrial policy" (sangyo seisaku) and have a rapid growth for a long period.

In this lecture, I do agree for all of information that teacher provided. However, in this lecture is seemed too hard for read because of many word in the slide. Despite an amount of word, I like the expression of teacher when he talking about the failure of politician.