

Logistics and Supply Chain Development in ASEAN

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In this modern day and age, we are in the midst of a significant transformation regarding manufacturing, production and value creation processes. Compared to industry 1.0, 2.0 and 3.0 which are cost oriented, the industry 4.0 will take on what was started in the industry 3.0, such as computers and automation, boost it with smart autonomous systems and move towards a customer oriented approach, on the basis of big data and machine learning.

Largely due to digitalization, we are facing a shift in customer behaviour. According to the lecturers, the so-called ex-rich value luxurious goods and services, while the new rich prefer to stay at budget hotels or fly with a low cost airline. Logistics is what's moving the nations closer together, with a lower cost, we are experiencing something new- global value chain. Because of this, we need to redesign our supply chain to become more efficient, on the basis of 8 factors, location, risks, labour, supply, government, economics and most important, logistics and infrastructure. Before COVID-19, there are 3 flows of redesign, which are people, knowing your customers and understanding their behaviours, product, and capital.

Furthermore, along the borders of CLMVT nations, there is a significant proportion of informal cross-border trade. "Pull" factors or factors that bring people to Thailand include higher wages, employment and economic freedom and "push" factors include forced military service and poverty.

In my opinion, the access to advanced technologies, internet, social media are what drive the change in consumer behaviours. In order to tackle this, firms must be willing to adapt themselves to disruptions. This may include utilising the current technology to analyse the patterns in consumers' purchasing through data science tools such as machine learning and data visualization. If firms do not adopt quickly, they risk losing their businesses.

As for the global value chain, I think that we, as global citizens should take the most advantage out of the cheaper logistics cost. Countries must be working closely together to analyse and decide what goods they should be producing, what they are good at, and who can produce goods cheaper and at a lower opportunity cost. However, it is important that we do not leave small to medium sized enterprises (SMEs) behind. Government should consider implementing policies that will help these businesses to become more efficient and be able to compete on the global scale.

Post-COVID CLMV Economy

Dr. Amonthep Chawla

It is undeniable that the COVID-19 crisis has affected every society worldwide and it will permanently reshape our economy as it continues to unfold. The future is uncertain as many estimates are being discussed about the potential of this contagious disease on global and national economies. The 2020 Thailand Gross Domestic Product (GDP) forecast that is out in the public ranges from -2% to -10%.

According to the statistics provided by IMF and World Bank, Thailand is forecasted to be the most vulnerable nation in CLMVT as shown by the -7.7% real GDP growth and -13.5% export growth. However, for the external debt to GDP ratio, Cambodia and Laos are the most vulnerable. Among these nations, Laos is one of the countries that has drawn a lot of attention from foreign investors. Examples of industries that are in the spotlight include construction, tourism, energy and retail.

The Thai export sector appears to be one of the sectors that is badly hit by the COVID-19 crisis. From January-May 2020, the share of exports of Thailand to Myanmar and Vietnam dropped by -11.52% and -14.21% YOY, respectively. Most of Thailand's trade with CLMV occurs through border trade.

For Cambodia, their economy relies mostly on service, tourism, and agricultural sectors. As a result of the crisis, Cambodia has experienced a low demand from foreign markets and tourists, leading to a 90% in the number of air passengers and a disruption in the raw material

supply chain. For Myanmar, the manufacturing suffers the most, with low levels of employment and production.

Previously, many Thai firms have looked into CLMV countries for business establishment and expansion, as shown by the upward trend of foreign direct investment (FDI). Cambodia is attractive for investment in agriculture, Laos is attractive for construction, Myanmar is attractive for energy and Vietnam is attractive for manufacturing because of its low labour cost.

COVID-19 is the biggest crisis of our time and it will be long until our economy fully recovers. In my opinion, what our economy needs the most is a social safety net. Many countries are already considering extending the unemployment benefits and cash reliefs. Just a few days ago, the US Democrat Party proposed a policy to extend the \$600 unemployment benefit until January 2021. However, President Trump and Republicans did not agree with this, as they believed this would give workers a disincentive to work. For me, this is an urgent need because it is very difficult to find jobs during this situation, and therefore it is important to provide a broad coverage to all vulnerable groups in the economy.

In addition, I think that the Thai government should be considering investments for the future, for example, infrastructure and technologies that will support the future workforce. If the government is considering building high speed rails, or roads, they should start now as these are ready-to-implement projects that can be deployed once the COVID-19 ends.