

24 June 2019

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Trade between countries within CLMV has several similarities and differences. We can separate trade of CLMV into two size, trading with world and trading with Thailand. First, about world, Cambodia and Laos have deficit in trade all the time that means they have imported more than export. Myanmar is the most fluctuation of trade. In 2556, they change from surplus to deficit trade or we can say that they skyrocket to import twice number (8millions in2555 and 16millions in 2556). And last, Vietnam contains trade to be balance since 2554-2558 which means they import and export on the same level. China is the best partner for Cambodia Myanmar and Vietnam because enormous stuffs in their country are made in China due to import section. Each country have different type of export goods, it depends on sources that they have or specialise skill that people are . Cambodia, Laos, Myanmar and Vietnam export about clothes, natural sources (mining) , Raw material (petroleum gas) , Electronic part respectively.

On the other hand, we will talk about CLMV trade with Thailand. Vietnam is the country that we trade the most from both export and import. Moreover, From CLMV ,Vietnam is the country that have great wealth being and has highest GDP in CLMV. This lead to the reason why Vietnam has high economic sense and most attractive for investor to invest in their country. The important products from Thailand seem to be vehicles. Interesting, Western of Thailand especially Karnchanaburi province imports many fresh sea food or fish from Myanmar Because it is a border province between Thailand and Myanmar and they have no sea through Karnchanaburi.

Moreover, The amazing fact that speaker had mention is Tariff in Thailand and Laos. For example, about the car, personally I interested in luxury car such as Ford Mustang. In USA is around four hundred thousand bath but in Thailand is much more expensive which is around four millions. Tariff on car in Thailand is charged around 300 percent of actually price. My opinion, we shouldn't charge expensive that much because some part of vehicle are made in our country or even assembly in our country. And, it loss our welfare. Laos also faces with a problem about tariff too but

may have some differences. In Laos, small car is set the tariff above or more expensive than luxury car. It have a conflict between the value of goods and their price.

In Afternoon, we learn about Brand essence and Brand building. Having a strong brand is the most significance thing to sustain and develop brand. How we can create strong brand? Start with knowing the word of brand. Brand is awareness, reputation and prominence. We have to understand deeply in each country each couture or life style of consumers. For instant, the best global brand ranking in 2018 is Apple, Google and Amazon respectively. They clime the ranking rapidly because they response exactly what the consumer need.

Nowadays, life style of people has changed, we are in digital economy. We change from sent the letter to chit chat through line which is faster and more convenience. People tend to increase using Internet or social media in every each year no matter how status your countries are (developed country or developing country). So, using technology to brand building is the wise strategy which companies should involve. Making your brand to be viral on social media by checking in, taking a photo or adding line for some souvenirs is the another strategy to create strong brand or we called Brand Activation. I think many companies use this offline strategy because it is two way communications, we will understand customer's opinion and then we can develop our product to be better. It is cheaper and more effective than advertiser through television as before. Ajarn has shown " Snoopy Snap and Share" from Central group, it effects the real life of myself. Once, I wanted to take a nice pictures with cute and huge Snoopy at CentralWorld. I spend time a lot on road more than an hour, spend money for shopping and eating after took a photo with snoopy. I just realise that it is a strategy after Ajarn Jah teach us. If marketing professor can combine all the step of Brand building, Knowing segment and Target, Setting the right brand position, Creating a great brand element and Having customer loyalty. I can guarantee that your company can achieve the goal and success.

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I think he explain clearly about logistic. He gave an example along the lecture makes we see the whole picture what are we going through today. One severe problem example that speaker has mention is about Durian Crop in Thailand and China Strategy. In 1st year china offers double for Durian price. Thai Farmers are satisfied and tend to grow more and more with carelessness because they think only higher price. But In 3rd year, China said the size of Durian is below their standard. So, farmer try to improve the product to be bigger. Maybe in 4th year later, they break their words switch from too small to too big. Last, they have to sell as cheap as china ask for. How farmer can deal with this problem? They don't know anything about logistic. They just wait customers come to their front door and they don't realise in consumer need.

From studying in this example, others may feel sorry for Thai farmer. On the other hand, I think situation which our country is taken advantages by China makes us have more potential more experiences in many mistakes. I see a lot of opportunities in Thailand. If we have a good production logistic or better understand in marketing, we will have better economy. Because we already have abundant natural resources, amazing places. I am confidence that new educated generations can apply their knowledge to help and improve our country. Involving several kind of knowledge is an important reason why we have to study. As I can see in this lecture, it likes they conclude information from many subject and many basic knowledge that we have learned before such as mk202 ac202 or even our economic core.

Personally, I am interested in International Logistics Cross Border Development. I usually heard the word Thailand 4.0 but I don't know the real meaning of this. This strategy is from German, I see development of people through Industry one to four. I will try to explain step by step to illustrate. At first industry1.0, people focus on how to increase capacity by normal tool. Then, in industry2.0 and 3.0, people create the new machine and set up manufacturing system in order to have larger capacity and lower the cost of production. Industry one to three is using Cost Oriented

strategy or Red ocean Strategy. Most people paraphrase this circumstance as big fish eat small fish. The company whose have less efficient in capacity might not survive in the market. Cost Oriented is like competitive market, every products is the same. They just want to produce as much as they can because they believe that they can gain more profit for more productions it called supply push. In fact, some productions may not response exactly what customer need. Understanding of customers lifestyle always gain the customer welfare. So, it is starting point of industry4.0. Supply realise that they should improve better service and have more 4 approaches, smart city-smart border, e-commerce, city logistic, good governance. Now we compete by quality not quantity which services are boutique, having an innovation. This strategy is like fast fish win which mean the company which develop fast, create new innovation will be a large of market share. In the future, we believe that we will be in the white ocean. All the countries should corporate each others. As you can imagine, when countries are in competitive market, they have to cut price for attract customers or doing something that cut both their advantage or benefit. Is it better if we can change competitor to be friends and having advantage together or even more that the past.

Next for deeply understanding, we are discussion about which product should be exported. Our group choose to export part of cars because we have a lot of sources, low labor cost and specialise skill worker and when compared to another country. Brunei have high purchasing power shows by GDP or income per capita which highest in Asean Country. that's why Brunei are chosen. How we can expand our product in this country. Actually, most of Brunei people are intently interested in Cars. So, If we plan a good strategy or have a great logistic, we can be successful. Last, we can take our product by shipping starting Thailand to Singapore and Brunei. (compliment because I think we should write every part in lecture)

9.5 Too detailed

26 June 2019

Foreign Direct Investment (FDI) can divide into 4 based. Assume that Thailand is home country and Laos is the host country. 1. Based on direction of investment; Inward FDI: Laos is investing in Thai, Outward FDI: Thai invest in Laos. 2. Type of activity; Horizontal: the same level of product like produce snack in Thai and also in Laos, Vertical: Backward is produce the material and Forward is doing something new like launch your own new brand. For example, your firm produce fabric, if your firm turn to produce the material or the process which being before the product like silk (ไหม) called Backward FDI. But if you decide to produce something forward like cloth called Forward FDI. 3. Modes of entry; Own subsidiaries, Merger and Acquisition: corporate between two firm, Joint venture: it is not the owner but it is joint investment. You will be better know the information about environment, policy or life style from the local people. Last one, 4. nationality of investor; Wholly foreign owned, Joint venture between foreign and local; the meaning is really describe on their name.

Foreign investors have 4 main determinants motive to invest in host country. For example, If company produce in mine industry, they will find the host country which have abundant of mining resources such as Laos this is Natural resource-seeking. Market-seeking is about expanding existing market or increasing consumer base. It is normally for investor to realise cost and profit. Reducing cost and increasing productivity is kind of Efficient-seeking. Investing in developed country which have low labor wage is an example for efficient-seeking because they can decrease labor cost. last one is strategic asset-seeking, knowing life style or understanding in policy with local people may help us to improve our product and company to match with what people desire.

We discussed and presented about garment manufacturing in Laos. We assume that our advantage is having premium fabric and can produce in the lowest material cost in term of economic of scale. And we invest in Laos because of Market seeking FDI and Efficiency seeking FDI. Thai and EU have a trade barrier so thai cannot export the product to Eu directly. But in Laos

they have a privilege agreement with Eu that called GSP agreement which have tax reduction around 8-12 percent. Another option for our firm we can bring our the product back to Thailand. Because we have a great relationship and have AISP agreement for no tariff between Thai Laos. We can get benefit about policy and agreement if we invest in Laos. Or it seem to be location advantage. Next is about Market seeking, Laos have a lower labor cost when comparing with Thai. On the other hand, Labor in Laos is still uneducated or less labor skill. Technology also no longer high develop. It is some part of development in Laos.

(10)

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I usually think about advantages of FDI but I have not realised about negative impact of it. Abundant natural resources country is a one key for attracting many investors. Of course, using a lot of resources and building manufacturer destroy the host country's environment. Like in the news Banana between China and Laos, China used chemical over standard to produce more banana which China was expelled and was banned from Vietnam. Surprisingly, researches found that Free trade has a positive impact for environment. After being liberalisation, people who are better in wealth being always need a higher quality environment. So, technology for enhance economy is developed as well as the good environment. As you can see in the Kuznets curve theory, pollution will decrease in order to the high value GDP.

Another concern is resources curse. New technology transfer will produce natural resource more productivity or we can produce other things for substitute. The real problem is Dutch disease instead of unsustainable resources. Natural resources is one reason why investor come in their country which hurt other sector of the economy. Particular segment is promoted by foreign investment but the others tend to have to shut down in order to high inflation or high labor cost. Increasing GDP within country from FDI impact the wage and inflation.

Actually, people pay the cost lower than receiving or we can say that they get more utility than the price. Social cost is the private cost plus externality cost. I will give an example for deeply understanding. If the cost for fuel is 10\$ (private cost), it means that the real price (social cost) that you have to pay is always higher than ten (including external cost). Because the carbon dioxide or other pollution which is distributed from your car has negative effect for total environment and reduce other people welfare. So, we have 3 ways to solve this problem, Command -and- control(manufacturer cannot release pollution over the standard), tax, information. If we care about resource and environment together, we can live with happiness amount good environment and sustain resources for next generation.

Many data can be the measurement of economic development like GDP growth, HDI, IDI or Income per capita. All of factors seem to have some relative in some parts. For example, if economic growth is higher, that's mean we have money inflow in our country, Money will distribute to people, people get higher income. And when people gain their budget, people consume more and also get higher utility as in the theory. Most people use only GDP to measure economy development, Just have a higher productivity or higher income per capita is not enough. In fact, Institution factor also play an important role in expanding economy. Many situations which occur in country such as new policy, corruption can effect too. For instant, Laos is developing faster than Thailand in order to stability in the country. Thailand has a lot of political problem in the past years but Laos still keep stable.

Integrating among country and called themselves as Asean tend to dramatically increase the gap growth around 8-12 percentage. Many industrial countries are interested and shocked with The Asian miracle which cause the main reason for attractive FDI and rapidly high export. Recently, China and Vietnam are the new wave for our economy because they receive a huge advantage from opening for FDI. Back to last 40 years ago, Vietnam faced with all the problems like uneducated, No electricity, No technology and shortage. After they open the country for FDI, they have a new life more than they can imagine. They have reformed policy, improved education and worker skilled, have better life standard and moved from low income to middle income.

Starting from low to middle income is quite easy but how they can move middle to high income. Company always invests in host country which have comparative advantage. When moving to be middle income means their wage also increasing. Company will change to invest in other countries which offer the lower wage to maintain the profit. After Foreign investor moving out, economy in this country will grow slowly more and more and stuck in middle-income trap. Almost 70-80% cannot be able to move up further from middle-income. In my opinion, I believe that Thailand may move to be high-income faster than Vietnam because If we talk about productivity of

labor, Thai workers are more educated and skilled. Moreover, Education or human capital is long-term investment that making Vietnam is hard to catching up Thailand.

28 June 2019

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Industrial policy is official strategic effort to encourage the development and growth for whole segment of economy. Interventions is necessary when market failure occurs. Market failure could come from Non-efficient allocation of resource or imperfect competition due to Foreign direct investment. Developing economy have to combine both service sector and manufacturing sector. Almost GDP in Thailand comes from service part and valued add, but economy cannot growth as far as it can be with ignoring manufacturing segment. Technology is crucial factor in development and is the base of industrial policy.

Strategic Industrial Policy (SIP) classify into three types. Have you ever thought that Nowadays why many buffet restaurants is on trend. They understand that customers prefer diversity. Customers believe that they can gain more utility and welfare in diversity. Even thought, a la carte is cheaper in sometime, they still prefer to choose buffet anyway. It is a some kind of subconscious. This model of business is kind of Industrial Diversification. For some countries which has abundant resources is like a bless for them because they don't have to find or pay for them and it is a attractive for investor. Creation of local linkage and complementarities is the Industrial Deepening. Company develops their product all the time to exist customer. When we compare Blackberry and iPhone, crystal see that Blackberry which have no develop or even new series is out of the mobile phone market already. On the other hand, Apple company started to produce the iPod and keep create until have iPhone, iPad, apple watch or macbook. Apple is the first brand ranking in the world because they create differentiate. It is a pattern of Industrial Upgrading.

From ISI failure comes from increasing tariff in industrialisation to protect local investment due to import. It is good for big company but it hurts for small company because they cannot gain advantage from economic of scale. After, we have liberalisation, other country which invest in host country due to comparative advantage will be the strong competitive for local. From market

mechanism, lower standard product is not able to survive in the market. fortunately, we have
Functional vs selective industrial policies to avoid ISI and EOI failure.