

## 24 JUNE: CLMV Trade and Investment

CLMV is abbreviation for Cambodia, Laos, Myanmar and Vietnam. These four countries are part of ASEAN community and have free trade agreements with many countries such as China. They are developing countries that offer labor workforce with low wages amidst pf growing economy and rich natural resources.

Information from 2010 to 2016 of CLMV countries trade with world is provided to study on during the class. We can observe Cambodia's major export goods are apparels and footwear which are relative with its imports of fabrics which is an important source of clothing production. Since Laos is prominent for its plentiful natural resources, it exports a lot of copper ores to the world. The important trading partner for export market of Cambodia and Vietnam is USA with rate of around 20% in 2016. On the other hand, Myanmar and Laos' largest export market is China. The highest percentages of Laos' import source is Thailand, while the other three countries is China. Thailand's trade with CLMV continues to expand strongly. CLMV's overall import from Thailand has almost doubled since 2010. From statistics of CLMV trade with Thailand from 2010 to 2016, it could be seen that Myanmar is the only country which has positive trade balance throughout every years.

The key investors of inward FDI to CLMV countries are China, South Korea, Singapore, and Thailand according to information from UNCTAD. Vietnam has the highest proportion of inward FDI in 2016, followed by Myanmar, Cambodia, and Laos. Thai FDI in CLMV has generally raised with the highest investment in Vietnam except in 2010 with the highest investment in Laos.

## 24 JUNE: Marketing and Branding Strategies in CLMV

A brand is a combination of name, term, sign, symbol, or design planned to identify goods or services and to differentiate them from their competitors. All components of a brand is called brand elements. Each brand needs its own development strategy for becoming successful.

The key success of branding customer perceptions towards differences among brands in its category. Culture plays an essential role of consumer behavior in society as culture is shared widely across a society. It can affect consumption patterns and preferences of consumers along with trends and changes in consumer behavior. Nevertheless, society nowadays is much influenced by technology. A brand could communicate with customers by implementing technology as another form of its communication since technology is very important in brand building. According to infographic by Hootsuite, there is a large digital growth in Southeast Asia. Internet users increase by 31% from January 2016 to January 2017. A brand might also encourage positive participation physically or digitally through brand activation which focuses around activity to deliver value to customers. A good example comes to when Central department store set up an exhibition of a famous cartoon beagle Snoopy to keep customers excited and to encourage them to come taking photos alongside shopping in the department.

The first step of building a brand is segmenting and targeting the customer group to ensure identification of the brand to come to the top in customers' minds. Secondly, positioning reflects where a brand occupies in the minds of customers and how it is different from the products in the same category. The next step for building a brand is communication by means of brand elements. Any brand elements can be chosen to enhance brand awareness.

For example, familiar logo of Nike makes the brand become unique for many customers.

Lastly, a brand requires customer loyalty which guarantees business stability.

## 25 JUNE: Logistics and Supply Chain in ASEAN

Logistics develops throughout globalized supply chain with aims to reduce costs and to improve efficiency in flow of goods. With professionally handled logistics, businesses are able to answer short-time demand of customers. Businesses unite various services to add value to their products and to serve customer satisfaction by delivering products on time.

The first significant international economic cooperation and logistics linkages between 5 ASEAN countries and China is Great Mekong Sub-Region which has Chiang Rai as an economic corridor with has a start point on Kunming and the end points on Thailand and Vietnam. Chiang Rai borders that are linked to Myanmar and Laos has a very high combined growth rate for 10 years of 20%. There are three possible routes link from Thailand to China: R3A, R3B, and R3. R3 route of this GMS will encourage the role of border trade particularly in Thailand, Myanmar, Laos, and China. The second one, AEC is the cooperation of 10 ASEAN countries to provide mutual economics interest agreeing up on becoming a single market to global economic integration and achieving equally economics development. It will compete globally as one market with having each country growing from each other's strengths, thus increasing its competitiveness and opportunities for development.

Thailand can integrate to regional market through the way of an effective border trade using proficient logistics. It is a great opportunity for Thailand to expand consumer goods to CLM market and become a regional supply chain hub by supplying raw material. A major proportion of cross-ASEAN border trade comes from Informal Cross-Border Trade, however, it does not provide enough attractiveness for traders in the informal sector to turn to the formal sector in my opinion.

## 26 JUNE: FDI Concept

Foreign Direct Investment or FDI is an investment made by the director investor from one country with of the objective of establishing business interest located in another country. The lasting interest is demonstrated when the direct investor owns the minimum of 10% of the voting power of the direct investment enterprise.

Types of FDI can be classified by direct of investment, types of activity, modes of entry, nationality of investors, and motives of FDI. Most countries usually make decision to invest in a country based on motives of FDI. Firstly, natural resource-seeking FDI, a host country is chosen due to its wealthy natural resources with the lowest relative cost. The second motive of FDI is marketing-seeking FDI. Multinational enterprises plan to expand their production to new customers in new markets or existing markets from abroad. This type of FDI sometimes cause import substitution effect, but also leads to trade creation. The firms could achieve economies of scale from low labor costs and growth of the market. The next FDI, efficiency-seeking, is a main factor to export diversification. It is however not very attractive for foreign investors because of productivity of labor. Besides, it might lead to expertised technology transfer and economic growth. Hiratsuka gives an opinion that efficiency-seeking FDI can be categorized as one type of resource seeking FDI. Next, strategic asset-seeking FDI motivates investors to acquire strategic assets such as human resource and capital networks. This type of FDI can be done through joint ventures or mergers and acquisitions.

I have observed from the lecture that FDI's generate job opportunities for local people and technology transfer which result as positive economic growth of host countries. FDI's has been one of factors that enhances growth in developing countries.

## 27 JUNE: International Trade and Investment VS Environment

The lecture mainly discussed about effects of FDI and free trade on environment. FDI is an investment of a foreign investor in one country, while free trade is a trade policy that does not limit any exports or imports. It can be implied as a free market of international trade. Nonetheless, there is argument among people that FDI and free trade could have a negative impact on the environmental side.

Economic growth may be associated with an expansion of FDI caused by more of incoming capital and more tax revenues. The increasing numbers of investments from foreign firms in a country create job opportunities for local people, many labors can develop their skill from technology transfer. Developing countries welcome FDI to have innovative infrastructure and to access development in many areas. Meanwhile, free trade has advantages to countries with efficient resource allocation by making its population enjoy variety of products besides from being able to consume only domestic products. However, it can be a harm for domestic market when the country imports too much. Environmentalists argue that polluting industries come after investment from foreign countries. They request government to establish law environmental regulations. The investing countries might move production bases to countries with less environmental regulations. Environmental Kuznet Curve is introduced to see a relationship between economic growth and pollution. A model of the EKC curve is an inverted U-shaped implying that early stages of industrialization are linked to high level of pollution. International trade and investment let countries achieve growth in economic despite damaging its natural resources.

I am concerned that globalization is followed by a result of the trade off environmental goal and economic goal. The total effect on the environment is somehow

ambiguous when it cannot be measured numerically. The better economic development is, the greater concern for environment must be considered.

27 JUNE: Development Economics

The world population sharply increased during World War II together with GDP growth of Philippines, Indonesia, Malaysia, Singapore, and Thailand or ASEAN 5 constantly increasing until 1970s and got slower after that Vietnam coming up. Hamburger Crisis which happened in 2008 causes great ASEAN economics slow down in 2009. The good case study is the Asian Miracle or rapid development in industrialization. Thailand, South Korea, Hong Kong, Singapore, Taiwan, Malaysia, and Indonesia maintained very high growth rate of 8-12% between 1960s-1990s. Industrial policies supported exports, so high exports drive rapid economic growth. Foreign investments in those countries were attracted by high interest rates. A video titled 'Vietnam Rising' was opened during the lecture, the main idea of the video is about rapid growth of Vietnam. The policy reform "Doi Moi" through deregulation and lowering the transaction cost of doing business. Its government has invested largely in human resource by providing better education improvement and the country becomes more opening to trade which attracts a lot of foreign investments.

I believe many economic tools should be compiled together to observe economic development as a high growth of GDP per capita or income per capita does not mean it is equally distribute to people. The wellbeing of population might not be correctly measured. A country might face insufficient economic growth and become stuck with middle-income trap. For example, Thailand stuck with labor intensive and cannot move on with skill innovation and higher value added, but it can be solved by technology innovation and skilled labor. The government should provide basic facilities to help to create technological innovation, industrial upgrading, and economic diversification in a market economy.

## 28 JUNE: Strategic Industrial Policy

Strategic industrial policy is a package of policies with a goal to direct economic activity into a particular direction. Because of resource scarcity, an efficient resource allocation needs to be well functioned by increasing productivity. Productivity is relatively main idea of development economics.

Class economists have idea about market mechanism or invisible hand by Adam Smith, but it does not always work. Thus, government intervenes by introducing strategic industrial policy in order to improve welfare which is measured by GDP per capita. GDP per capita can be improved by increasing productivity by modernizing capital and technology. The goal of strategic industrial policy is to improve productivity and to shift economic activity towards high technology and value added activities. The other reason strategic industrial policy is needed because industrialization but it is not efficient. Elements of strategic industrial policy is industrial diversification, industrial deepening, and industrial upgrading. The first one, industrial diversification, adoption of new technologies and diversification into new industrial sectors with skills development can be a challenging task since investment in human capital alone might lead to diminishing returns on skill accumulation. Industrial deepening aims to create local linkages to inter-linked industrial structure, helping developing countries to capture more value added. Industrial upgrading fostering more advanced and competitive industrial structure by mastering more complex technological technologies through processes of technological advance. raising local value added to be able to move toward international level.

Strategic industrial policy is part of an overall development strategy. It is an interaction between private institution who predict business future and public institution who regulates policy. I encourage strong support from politicians to allow SIP comes successful.