

Reaction Essay 9

This class is about logistic and supply chain development in ASEAN and we will be focusing on International Logistics and Cross Border Trade. There are 2 levels of logistic; macro logistic and business logistic. Macro logistic is international trade or transportation between countries and business logistic is about business activities, such as packaging design, etc. Logistic is not only about transportation but also about the whole supply chain. For example, innovation based in logistic, such as barcodes on fish that make them more standard. In ASEAN, Thailand is considered as a logistic hub but not for global trade. Moreover, cross border trade is another trade that we need to focus. Cross border trade is the trade between nearby countries, such as Thailand and Laos which requires the border port as a linkage between countries, such as Mae Khong. In the past, when Thailand is at based only on agricultural and manufactural, we used red ocean strategy or cost oriented, meaning that whoever produced at the lowest cost win. However, when Thailand developed to be more urbanized, we changed our strategy to be blue ocean strategy which focusing more on customers' demand. Therefore, nowadays, ASEAN is trying to focus more on free trade and create more linkage, so that it will make the logistic system become better. For the customers behaviour, rich people used to demand for luxury life, such as staying in five stars hotel and flying on first class but now people are more interesting in indoor activities, such as shopping.

Logistic is very important for economy. There will be no trade if we did not have logistic. Logistic creates connection between supplier, producer, and customer. It can transport by sea, land, and air, depending on the product. However, logistic can also increase the competitiveness between countries. Logistics also contributes to the value. For example, we can sell the product with higher price if we import them from other countries and also some of the production cost in Thailand is

higher than some countries. However, logistics is not about which way is the cheapest way but it also about which way suit our product the most, such as air or water.

For 3 flows re-design, we have separated into 3 factors, which are people, product, capital. Starting with people, there is one type of car that can travel across border but since this car creates negative externalities to the country, the government decided to ban them. Also, COVID-19 decreases the number of tourism. Second, product, since the demand for durian is getting higher in China, Thai merchants changed from selling orange to durian, causing an excess supply in durian market. Third, capital, demand for capital in Thailand is high. This attracts a large number of Chinese investors. However, it creates negative externalities to Thailand because Chinese investors using a lot of water and chemical which destroyed the environment.

In my opinion, I totally agree with the point that the better logistic will improve our economy because it can create more opportunity to trade with other countries. For example, if we open more border port, nearby countries will desire to trade with us due to free trade agreement. The more trade, the better economy. Therefore, logistics is one of the important factors that drives our economy up. I like the way that the guest speaker gave the example of some case study of the 3 flows re-design. This makes students can understand more because I think this topic is a little bit confusing. Moreover, due to COVID-19 situation, every country not only Thailand faces new challenges, such as the huge drop on GDP. So, countries need to change their strategy as a whole not only in some activity. In my opinion, the best solution for this situation is to support local economy instead of international trade and then if the situation gets better then international trade.

Reaction Essay 10

In this class, we mainly focus on what are the opportunity that Thai people can get in the ASEAN economy and how Covid-19 affect each country. The country that has the most substantial economic size in ASEAN is Indonesia. Many people may think that Singapore has the largest economy in ASEAN because Singapore has the highest GDP per capita among the ASEAN group, but it is not the largest because of its size.

Cambodia, Myanmar, and Vietnam are all the countries that we will focus on in this region. These groups of countries are known as CLMV. There are many opportunities to invest in these countries. For example, in Cambodia, there is a special economic zone for investors to join. Many people want to invest in Cambodia because there is less competition, lots of resources, and the location connected to China. Moreover, Cambodia has much middle class, which means that there are many demands for goods and services. Another example was Vietnam; there are also many opportunities for business in this country. However, the opportunities in Vietnam will be different from Cambodia based on the differences in consumers' culture and behavior. Two things that Thai companies can do well in Vietnam are consumer products and retail stores because they believe that Thai products are good. The last country in CLMV is Myanmar, the wage in this country is very low compared to other countries in ASEAN as I mentioned before it might be a good sign for the investor to invest in Myanmar, but because of there are lots of regulation that the company have to follow to do the business in Myanmar. Therefore, there are not many people who invest in Myanmar.

Covid-19 affects Thailand more than other countries in ASEAN and grows lower than countries in ASEAN because most Thai GDP comes from tourism. Therefore, it affects a lot to Thailand and after the Covid-19 end. The behavior of tourism will change and become a lower base on the social distancing policy.

Suppose I have a chance to invest in CLMV country. I want to invest in Cambodia because the economy in Cambodia is stable growth every year. Besides the economic growth, most of the people in Cambodia are middle, which means that they have lots of purchasing power compared to people in another country in CLMV. Moreover, Cambodia customer's behavior is very similar to Thailand, which is easier to sell the product that already has in Thailand. Cambodia also has very low wages rates, which is one of a good sign to open the factory. Lastly, there are a small number of competitors compare to other counties in CLMV.