

Thanchanok Pariyanupat
6004640741

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June, 24 (morning class)
CLMV Trade and Investment

In the class, we have an opportunity to study about CLMV trade and investment. The first country that we will discuss about is Cambodia trade with international market. Since 2010 to 2016, the amount of import value steadily increased from approximately 5,000,000 to more than 12,000,000 US dollar thousand. While the exported value has the increase with fluctuation rate, starting from nearly 6,000,000 and end with 10,000,000 US dollar thousand. If we focus on Lao trade, the level of import and export start around 2 million US dollar thousand, and the level of import is always higher than the level of export all this century. In Myanmar, the value of import is lower than export from 2010 to 2012. Then the level of export is sharply increased to be higher than import. The forth country which is Vietnam, the amount of import and export is seemed to be equal. Although it started from different amount in 2010.

The subordinate point is that the inward FDI to CLMV countries come from 4 main countries which is China, South Korea, Singapore and Thailand. To more understanding, Vietnam has the highest proportion of inward FDI, followed by Myanmar, Cambodia and Lao PDR. Interestingly, the important investment sector were wholesale and retail trade. Mostly, CLMV will export the part and the imported countries will do the production with part to make the finishes good. At last, the goods are exported to sell in the international market.

Personally, I am very interesting in the way of teaching of speaker. To understand more, the method that she instills the knowledge is different from other speakers. Because she lets the student read and discuss the information for themselves. Then, she asks for writing the information that student focus on slide to show on whiteboard. After that she checks the sentences of each group to tell that the opinion of students is right or wrong. This way can totally make all students focus and have an attention in study. After discussion, teacher starts to explain the main point of CLMV trade and investment.

June, 24 (afternoon class)
Marketing strategies in CLMV

-unstructured
-Too detailed.

In this class, we have special opportunity to learn about market strategies in CLMV. The important element of marketing is “brand”. In theory, brand is something that can be designed or created in the form of a unique symbol of that something. In addition, brand is not just a product name, or advertising, it also means the overall feeling or impression of the brand that is created within the minds of consumers from advertising product and corporate image. To understand more, “brand” creates the certain amount of awareness, reputation, and prominence in the market, while, “product” presents attention, acquisition, or consumption to a market. Additionally, there are four elements that each enterprise must make the consideration which is competitors, products, related concept, and brand attributes.

In this globalized world, each producer can directly promote their products and services to the consumer by using the capability of modern technologies. Because modern people have social media in daily routine. So, culture and technology have a direct effect for consumer behavior. Due to the number of social media users in each country that increase tremendously. As a result, there is an effective solution that can surely attract the attention of consumer to product, called “digital and brand activation strategy”. Now, we have an online world, trading does not always need to find a shop or coordinate. The company can bring products or services to the online, which will make the consumer experience faster. The brand must encourage the community to engage with the brand as well, not just to open the post. But should find their own community. Once they met, they had to find a point that allowed them to engage with the brand. For example, Central group used “Snoopy Snap and share” to present the “universe of happiness”, this project can encourage the trade, while attract the attention of consumer in each community. The successful campaign of brand activating is “Share a coke”. From this campaign, the sale and market share of coke add up with 6 percent. Because Coke used concordant communication and marketing in Thai market.

There are four processes of brand building, the first step is segmenting and targeting. To understand more, the creation of a bond between the product or organization and the brand, so the branding process must begin with the identification of the target group that needs to communicate which the process of identifying. The target group will be an important target for communication for the creation of a brand in order to find the target group of consumers and goods or organizations. Then, it is followed by brand positioning, meaning the direction of the brand that is defined as internal mutual recognition within the company. In addition, to making every related person aware of the brand's position and also makes a clear rival competitive with the position of the brand. The third step is communication via brand elements, making the recognition and recall by using symbols and brand names. Lastly, transforming customer loyalty to be a brand activation, this process is the loyalty that customers have for brands that they trust. However, customers who are loyal to that brand will believe that the brand they trust will know him best. Knowing what he wants and what makes him like and satisfy. So, customer will want to buy the product repeatedly.

Nowadays, global economy has a growth tendency in the economy of Asia and ASEAN countries. Especially, the border trade between countries that have borders, such as the border trade between Thailand and neighboring countries which is Malaysia, Myanmar, Lao PDR and Cambodia. Border trade has transport through 5 regions of Thailand, the first area is the Border trade through the southern region Trade with Malaysia which passes through Songkhla, Yala, Narathiwat, Satun and Pattani and Myanmar come through Ranong Province. The second border trade through the northeast, trading with Lao PDR and Cambodia. The third border trade through the north trade with Myanmar and Lao PDR. The fourth border trade through the eastern region. Trade with Cambodia. The last border trade through the western region trade with Myanmar. With each sector trading through various stages, the department of foreign trade has declared Chiang Rai to be a special economic development zone, according to the policy of developing the area along the border that connects with neighboring countries in the ASEAN region, covering 3 districts, that are Mae Sai District, Chiang Saen District and Chiang Khong District. All of these information shows the potential of exchange and investment of Chiang Rai province by continuously developing in all dimensions. Moreover, there is a transportation system that can support the competitive trade activities in both sea freight and airfreight, such as the Thai-Lao Friendship Bridge, the 4th commercial port and tourist port at Chiang Saen district. There is the alternative transportation that are Mae Fah Luang Airport which has an improvement of transportation routes within the province to prepare the local areas for the international investment in specific economic development zones which can make the higher border trade value.

The important point is that the coordination of many countries create international economic cooperation and logistics linkages in the regional level. Firstly, Great Mekong Sub-Region(GMS) which consists of 6 member countries, focusing on cooperation in the field of

3C, namely Connectivity, Competitiveness and Community and the development of economic corridor. Secondly, Bay of Bengal Initiative for Multi-Sectorial Technical and Economic(BIMSTEC) that pays particular attention to the Bay of Bengal area in the part pf academic and economic cooperation. The third cooperation economic project is Aeyawadee-Chaopraya-Mekong Economic Cooperation(ACMECS). This project comprises of 6 countries, supporting the economy system of countries that adherents on the border of the river basin. The last project called ASEAN Economic Community, with the goal to increase bargaining power with economic partners and increase the ability to compete in the global economy, including the exemption of certain types of products for member countries from all projects. The major aim is to encourage the economic region to prosper the well being of people.

In the discussion about FDI motives and determinants in Lao PDR, we decide to invest in the factory of garment by using the benefit from Thailand’s specific advantage. Because Thailand has the natural resources to produce premium fabrics. Firstly, we start from export the fabric which is a raw material from Thailand. In the other hand, Thailand also has disadvantage that is the trade barrier about tariff duty with EU. As a result, the business still has a limit to expand our business. But if we consider about Lao specific advantage, that has beneficial agreement with Thai and EU. So, we can make the production of cloth in Lao with having cost of labor cheaper than Thailand, but have no high-tech innovation .

It's important to remember that the motives of FDI in Lao PDR have four components. The natural resource-seeking is the initial element, it is a factor that shows the cost of investment in the recipient country, such as the hydropower generation and mining. Market-seeking also plays the key roles of the motives, it is a factor that shows the size and power to buy variables used in the study of market size factors, comprising with domestic market, regional market and other regions market. The third component is efficiency-seeking, a factor that represents the stability of the economic system of the recipient country, it is used in the study of efficiency factors. For example, low labor cost in Lao PDR and labor cost in neighboring countries. The last component is strategic-assets seeking, which is a factor that represents the support of foreign investment, such as economic infrastructure.

Another key thing to remember is that Lao PDR has many positive factors to be an effective host country, Laos is one of the countries that have implemented policies to promote domestic trade and investment, opening up more foreign investment. With the economic growth of the country at the level of 7-8 percent per year, resulting in Laos being interested by foreign investors. The Lao National Council has issued a policy on investment promotion in order to facilitate investors. In contrast, Laos will have to improve the legal and regulatory that necessary to promote the private sector in both domestic and international market.

Because the current law is not as effective as it should be. Moreover, transportation in Laos is still restricted for domestic transportation and the value of the registration cost for foreign investors is high. All of these issues are considered a concrete problem for the government of Laos.

In view of the push factors, a home country specific advantages. The highest amount of investment in Lao is belong to China. China is the main investor in the part of energy, infrastructure, electricity transmission, and road railway construction, to support the economic expansion of the southern China region. Vietnam is also an important investor in Lao PDR, investing in the part of state-owned enterprises and supporting outward FDI of Vietnamese MNES. Moreover, Vietnamese banks continually expand in Lao in order to support the financial facilitation. Another country that has a large proportion of investment in Lao is Thailand. For the type of business that Thai investors invest mainly in the financial services sector including transactions related to the establishment of a holding company, the industrial production of products in part of food and drink, and construction sector. The firm from each country can seek the specific advantages from having higher quality of technology and management, because of high investment experience. In the part of labor force in CLMV, the number of labor fatly grow up. Because the group of people at labor force age has a large proportion

The CLMV economy is likely to continue to grow by approximately 6-7% in 2018 and will continue to maintain this rapid growth in the next phase. In the section of foreign direct investment, exports and tourism are the main supporting factors during the past 10 years. There is an increasing in business opportunities and government investment promotion policies, making foreign investment to be flow continuously, especially investment in infrastructure and industrial development. Moreover, CLMV countries have received various trade privileges from developed countries such as the United States and the European Union, and increased connectivity in the ASEAN region Causing the export to expand in the effective way. The major export products are agricultural products, primary product and light industrial products in the apparel and electronic parts category. In addition, tourism in CLMV has been very popular over the past 3 - 5 years, due to the increasing number of tourists. The blooming of tourist generated gigantic income for many countries as a result, tourism has become an important economic driving mechanism. However, CLMV countries still rely mainly on import of machinery and consumer products from foreign countries. Therefore, trading accounts continue to deficit, resulting in international reserves of Laos, Myanmar and Vietnam.

The initial point is the positive and negative impact of Free Trade negotiations (FTAs) that affect on the environment. The proponents present that free trade can increase the level of technologies to be friendly with environment. In contrast, the agreement did not increase economic benefits at the level that policy makers anticipated. In addition, there is a bad impact on the environment because of excessive usage of natural resources.

Recently, economists believe that international trade can use the different cost of production in the same product can higher the level of welfare. From Heckscher - Ohlin theory, it emphasizes on the different types of factor endowments of each country and international price factor which is considered to be the most important variable of trade, with

the assumption that technology and tastes are the same. According to this theory, each country will export products, focusing on the production factors that are comparatively large that makes the production factors cheaper. In the section of importing goods, focusing on rare production factors by comparing which production factors are more expensive.

The growth and the environment also has a prominent theory called “Environmental Kuznets Curve (EKC)”, it is a hypothesis that describes the relationship between income and pollution of the environment by showing that income and environmental degradation will have a relationship in line curved with bell shape. By believing that the first economic development will be in the direction that is harmful to the environment. Then, economic development at a certain level will be more environmentally friendly. To elucidate, Environmental Kuznets Curve Hypothesis is a theory that is considered from the origin of the study of Grossman and Krueger that studies the environmental impact of Economic growth after the North American Free Trade Agreement (NAFTA). There are three effect of Grossman and Krueger, which are scale effect, composition effect, and technique effect.

The last interesting topic is resource curse, which is the condition that the population of the country is rich in oil, natural gas or other minerals will be terrible than a country that does not have resources. The investigations are often caused by corruption in the energy sector. Because politicians will wield almost all the income from drilling resources, until the resources have not enough to develop the country.

From 1960s to 1990s, there are acknowledged concept that the economies of Asian countries are growing tremendously. Whether it was the growth of Japan in the 1960s, the emergence of new industrialized countries, NICs, including South Korea, Hong Kong, Taiwan and Singapore in the 1970s. Additionally, the birth of the four tigers including Thailand, Malaysia, Indonesia and the Philippines in the 1980s and the growth of China's economy through the 4 modern policies of Deng Xiaoping in the 1990s. However, the East Asian economic phenomena has been criticized by scholars as a growth that repeatedly uncertain. To illustrate, Paul Krugman published *The Myth of Asia's Miracle in Foreign Affairs* (1994), explaining that the phenomenon was just an increase in production factors from investment and accumulation. But there is no development of technology, resulting from truly effective production that is to increase only investment and population without a growth in innovation and effective production. In addition, China and Vietnam is also a country that is called a new miracle. Because Vietnam has invested in the country's infrastructure and the creation of cheap internet access at the masses.

The subordinate point is that we have learned about the first and second wave of develop thinking path. This concept can clearly conclude that Korea and Taiwan moved up from low-income to middle-income. While Japan and four East Asian dragons upgrade from middle-income to high-income status.

The most important tools that use to develop the industrialization is foreign direct investment or FDI. To understand more, FDI Technology spillover is the beneficial technology that the domestic enterprise receives from the direct international investors, called multinational enterprises. Another way to transfer the technology spillover is "linkage effects". These linkage methods are divided into two categories, which are backward linkage and forward linkage.

The last topic concern with productivity and competitiveness. The competitiveness can

generate the productivity. And the productivity can increase the rate of growth in a firm or nation. Then, the growth will level up the level of income and enhance the well-being.

8.5

June, 28 (Aj.Peera's lecture)
Industrial policy and CLMV economy.

The strategic industrial policy means a guideline for various aspects to make any industry to have growth and development. There are three elements of Strategic Industrial Policy (SIP), the first type is industrial diversification which is the business that distributes operations in many business lines. The industrial diversification is divided into 2 sub-categories of business distribution, related industries and business distribution to Industries that are not related to the original business. The second type is industrial deepening, this type has a goal to balance the industrial structure, divided into backward and forward linkages. The third type is industrial upgrading, which has a major purpose to make that industries to have high growth potential and are important to the economy and trade of the country, including the creation of value added, export, using of domestic raw materials, employment, and policy of the government.

The topic directly covers with failure of Export-oriented industrial strategies (EOI) and Import - substitution industrial strategies (ISI). And comparing of functional and selective industrial policies.

The industrial Policy debate in term of conceptual issues and neglected facts. In East Asian Industrial Policy, the policy firstly started to use in Japan, followed by Korea, Taiwan, China and Singapore. The initial policy involved with the agreement to facilitate the direct investment from foreign country, to attract higher volume of exchange rate. Moreover, the factor that can affect the result of industrial policy is the appropriate political condition.

The development of economic can reflect the quality of export policy by controlling the standard services of exchange. After the economic revolution in the part of industry, the scarcity of natural resources suddenly presents to be an international problem that need to have consistent solution. From changing global environment, there are many agreement that the government in each country use to limit the usage of natural resource. ASEAN controls

the key role of driving seat of the greater East Asia. Because ASEAN is a peaceful natural position in international market, while having high bargaining power.