Aj. Anin discussed international trade and the environment. Three relevant topics are pointed out throughout the lecture. Firstly, the relationship between economic growth and the environment. Secondly, resource curse. Lastly, the environment and economy.

All of the economic activities have impacts on the environment. At the current stage, we can say that climate change is more severe than COVID-19 pandemics. Since, global warming is a serious problem, we need to maintain the global temperature. For instance, electricity is generated from the fossil fuels which releases the greenhouse gas, thus causing global warming. In order to deal with global warming, economic activities are required to be sacrificed that is why it is difficult to be dealt with. Throughout the class, different diagrams and simulations are demonstrated including the shipmaps which illustrated the freights of containers shipped all around the world, the carbon map which demonstrates the amount of emissions globally from each country, and the timeline for carbon dioxide emitters which point out the emissions budget to warn the globe. ASEAN is emphasized in this lecture with China and Japan being popular trade partners with ASEAN aside from ASEAN countries. Extra-ASEAN foreign investment is more abundant than intra-ASEAN. Exporting of goods causes globalization and countries are relying more on exports and imports. Environmental Kuznets curve demonstrates the relationship between economic growth and the environment, with a certain amount of income people are more concerned about the environment.

Resource curse causes a lack of democracy because the more natural resources the country has the less dependent on levying taxes on citizens. Moreover, if the resource revenues are secret, citizens don't know whether resources revenues are being spent well or not. Dutch disease causes resource curse because if the country rely more on exporting resource revenues then foreign currency are inflowing more and it impacts other industries since capitals and workers emphasize more on the natural resources industry.

Environmental problems create negative externalities. For example, driving releases greenhouse gases to the atmosphere. Consumers and producers only take into account private cost when they decide how much to consume and how much to produce. A good example is PM 2.5. In order to solve this problem, laws and regulations are required, putting a price on pollution and allowing emission trading.

I feel that the environmental problem is a problem that has stacked up overtime and remains unsolved or not taken serious actions toward it and it creates serious consequences to our globe. Indeed, increasing economic activities improves our economy but it's eating up our environment. However, at a point of economic satisfaction people will emphasize more on preserving the environment. Countries should be more disciplined toward emissions released because if the world lives, the economy and people lives. Laws and regulations are more than required at the current stage knowing that in 2033 emissions budget would be exceeded. Plastic backpack is surely a better alternative regarding Aj. Anin's opinion but it is always better to avoid single use plastics. All in all, we all create emissions but if we reduce it on our daily basis, the world would surely be a better place to live in. #fightforglobalwarming

Foreign direct investment is discussed throughout **Aj.Nessara**'s class, specifically FDI in Laos. According to OECD, Multinational enterprises companies established in more than one country and coordinate their operations. FDI framework consists of different types including inward, outward, horizontal and vertical. There are three modes of entry: owned subsidiaries, merger acquisition and joint ventures. Establishment in other countries but owned by other nationality represents wholly foreign owned and joint ventures can be between foreign firms and local firms.

Why do firms want to invest abroad?

- Natural resource-seeking FDI
  - Sources of natural resources at the lowest relative cost
- Market-seeking FDI
  - Seek markets in host countries (ASEAN) to excise taxes.
- Efficiency-seeking FDI
  - Specialization of affiliates in its internal network to increase intra-firm knowledge and good flows.
  - Resource seeking (Workers)
- Strategic asset-seeking FDI
  - Joint invest with the locals because they know the market better.

Dunning's OLI framework

- Ownership advantages
    - Firm-specific knowledge, managing capability, and marketing capability, etc.
    - Such as big firms like Starbucks and McDonalds.
- Location advantages
    - Government controls and regulations, such as reducing the political risk and cultural values (hotel businesses in tourism countries).
    - Low transportation costs
    - Access to customers and local opportunities
- Internalization advantages
    - Establishment of firms in other countries other than exporting to overcome market imperfections problems.

FSAs represent firm-specific advantages which are similar ownership advantages in Dunning's OLI framework and CSAs or country -specific advantages are similar to location advantages.

Impact of FDI to host and home country

- Resource allocation (workers)
- Technology transfer
- Income distribution
- Trade
- Economic development

FDI in Laos

FDI stocks accumulate the whole investment from 1988-2015 while FDI flows is FDI in each year. Approved FDI is the amount that is available to invest, whereas, the actual FDI represents the exact amount FDI invested. The problem in Laos is that the approved FDI level is higher than the actual FDI. Thailand used to be a key investor in Laos but right now China became a key investor due to its lack of actual investment. Thus, Laos allows other countries to invest to diversify the risk if Thailand can’t invest. After 2009, Laos made an adjustment to lower the actual-approved gap. In 2000-2010, the top three approved investment rates (sectors) in Laos were in Industry, service and agriculture respectively, mainly electricity generation (hydropower). In 2011-2015, Agriculture overtook service and the major interest shifts from electricity generation to mining (gold) because of Australian firms. While the major approved investment rate in Laos (country), In 2000-2005, Thailand had the highest approved investment rate followed by France and China. In 2006-2015, China and Vietnam overtook Thailand respectively due to Thailand's lack of actual investment. In 2012, Laos' FDI inflows came mostly from Thailand and China. Later, China dominates the FDI inflows in Laos.

Natural resources seeking in Laos focus mainly on minin, electricity generation or hydropower, agriculture (gold, land, forest, wood and rubber).

FDI seek for domestic marketing investment in service and constructions. In the regional area electricity generation is the major interest, while, in other regions are focused on investment in the agricultural sector to gain GSP or special privileges such as lowering the import tax in developed and developing countries. Efficiently, Laos has low labor cost of production and MNEs invest in Laos to gain local networking and experience of doing business in Laos.

Positive factors host CSAs in Laos including: rich natural resources, political stability, high level of economic growth, etc. Negatively, including: small market size, limited labor, investment regulations, lack of technologies, etc. Whereas, home CSAs have China and Vietnam as main investors due to the government support. Chinese MNEs play a greater role in investment in ASEAN.

Personally, I think that FDI can be very beneficial if you do have international connections. Penetrating into other countries' markets can gain numerous advantages. Learning the local norms are crucial because firms are coping with the locals. However, FDI can strip the business of its value without adding any. For this case study, Laos faced the approved-actual gap problem in investment which may slow down the growth. FDI helps Laos improve in a field that they are not specialized in. But, it may be a trade-off as the MNEs are using the elocal natural resources which may affect the country's natural resources revenues. All in all, it depends on the magnitude of the investment and the usage of natural resources. If the investment pays off well the country seems to be rapidly growing. But, if Laos isn't managing the FDI properly it may flip the table.