

Anan Piyapanee
(6004641228)

International Trade and Environment

This essay is the response paper of Professor Anin's session that teaches the International trade and environment. Which the topic can be divided into 3 parts as follows: 1.) relationship between the international trade and environment, 2.) Resource abundant and economics growth and 3.) Environmental problem issues.

The value of global exports has risen exponentially in the past century as the results of globalization that fasten up the economics and business environment as the production of country leads to high economic growth, Risen up in export implies growing in the economics. By looking over in the value of export goods as share on GDP, it is observed that the developing country typically has high export portion when comparing to the GDP of their own country. Thailand is also one of the developing country that has about 61% of GDP as export in 2014 while Vietnam has about 86% of its GDP as export. However, increasing in production has also grows the environmental issue such as carbon emission that currently pull us globally. From the report given, it is observed that transportation and production is the main reason for greenhouse gas emissions, while the major country that emits these gases are USA, India and China.

Moving on to the next point, the resource abundance and economic growth. There is a discussion among economists about impacts of trade liberalization if free-trade improves the economics welfare or not, some agree but some do not. As trade liberalization will allows country to access environmentally friendly technology, increase the volume of production and have greater income. On the other hands, it might expands more polluting industries. Focusing on the international trade theory, the country will produce the goods that one has intensive in resource to acquire the comparative advantage. The theory that typically between two economies is Hechsher-Ohlin theorem such that the country will export the goods that one has relatively resource intensive while import the goods that scarce in resource of production. The resource curse is considered as paradox effect such the country that abundant in resource has less economic growth that the scarce resource one. This can be occurred due to higher cost of production, longer time taken in the production price-production volatility. There are several cause of resource curse given in the lecture such as conflicts among parties, inefficient spending, Dutch disease and limited government capture of benefits.

Lastly, the environmental problem or the negative externalities. The problem is related to harmful of production such that in producing a goods released greenhouse gases into the atmosphere will harm not only to themselves but also global and people. Hence, social cost is equal to sum of private cost and externalities cost. Due to this environmental problem, there are some solution to control this environmental problem such as using law, Tax and border carbon tax adjustment

Anan Piyapanee
(6004641228)

Economics of Multinational Enterprises

According to the OECD guidelines, the multinational Enterprises defines the comprise companies or other entities established in more than one country and so linked that they may coordinate their operation in various ways. Direct investment is a category of cross border investment to gain more interest from another economy in which Foreign Direct Investment is the party to look over this. FDI has multi based such that types of FDI can be divided into 4 broad categories: 1.) based on the direction of investment, 2.) based type of activity, 3.) based on mode of activity and 4.) based on the nationality of the investor. In which determinants of FDI are Ownership advantages, location advantages, internalization advantages, firm specific advantages and country specific advantages. Normally, impacts of FDI to host and home country will be relate to resource allocation, technology transfer, Income distribution, Trade and economics development.

To be more understand in this topic, the lecturer, Ajarn Nessasra pull up the case study of the FDI in the Lao PDR. We can see that the motives of FDI in Lao PDR is the natural resource seeking FDI and market seeking FDI, Efficiency seeking FDI and Strategic asset seeking FDI. If we focusing on the determinants of the case study, the host country specific advantages is considered as pull factor while home country is push factor. The host country's positive factor are due to the rich in resource, political stability, high level of economics growth, stable exchange rate. On the other hand, the negative factors are such that the country has small market size and also have limited labor with low productivity, moreover there are lack of necessary technology and infrastructure. Looking in to the Home country specific advantage(push factor) in this case the home country is China. China is the major investor in Lao, they invests in various sector such important sector are energy and infrastructure