Drafting the Motorbike Master Plan
Methodology, Content and Issues

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VDF & Motorbike J WG
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Topics

- Background
- New methodology
- Highlights of proposed contents
- Remaining issues
(1) Background

- Changing policy environment
  - From economic planning to market orientation under integration
- Increasing role of private and FDI sectors; equitization of SOEs
- Global and regional competition
- A large part of industrial activities are now taking place outside MOI’s direct supervision
Vietnam’s Industrial Policy Formulation

Two major weaknesses

1. Stakeholder involvement is weak (lack of close cooperation with businesses).

2. Inter-ministerial coordination is also weak (for deciding & implementing policy measures).

➤ Policy drafting method must be reformed to overcome these weaknesses

➤ Motorbike Master Plan should make the first step toward this goal
Experiences in Other Countries

VDF missions to Thailand, Malaysia, Japan

- None of these countries have serious problems in stakeholder involvement or inter-ministerial coordination.
- Vietnam needs to study international experiences.
- But new method must fit Vietnam’s reality.
  ➔ Selective adoption and modification, not simple copies
Thailand (under Thaksin)

Tripartite coordination under industry-specific institutes and committees

- Prime Minister
- Order to be concretized
- Relevant Ministry
- Industry-specific Institute
- Industry-specific Committees
- Experts

- Policy direction
- Direct inputs
- Implementation
- Monitoring
- Adjustment

- Master plan

Private Sector

-- Master plan
-- Implementation
-- Monitoring
-- Adjustment
Thailand: Drafting Automobile Master Plan

Drafting time—about one year; PM approval is not required

Private Sector

Policy Makers

Thailand Automotive Institute

Coordination & drafting

Private Sector

Government & Prime Minister

(Official author)

Submit

Report

Joint process

Market info, targets

Policy concerns, measures

Explain

Official author
Malaysia:
Industrial Master Plan 3 (IMP3), 2006-2020

338 members + support staff; actual drafting time—about two years

Industrial Planning Committee (IPC)

Headed by MITI Minister; members from MITI, EPU, economic agencies (27)

Steering Committee (SC)

Headed by MITI Official; members from MITI, EPU, econ. agencies, businesses (23)

Technical Resource Groups (TRGs)

- Head of TRG
- MITI: (38)
- MATRADE: (19)
- MIDA: (23)
- SMIDEC: (19)
- SME development: (34)
- Human resource development: (25)
- Enabling technologies & ICT: (25)
- Marketing & branding: (40)
- Logistics: (39)
- Sectoral development: (26)

Source: MITI website.
Note: Numbers in parentheses indicate the number of members in each committee or group.
Malaysia: Drafting Process of IMP3

IPC: Industrial Planning Committee (headed by MITI Minister)
SC: Steering Committee (headed by MITI high official)
TRGs: Technical Resource Groups (headed by various experts)

Business opinions reflected through TRGs and brainstorming
Japan:
Ministry of International Trade & Industry (MITI)
(Now called METI)

- In the 1960s, MITI had many contact links with Japanese companies.
- Now, private sector leads and METI only supports, when necessary.
- Two most important policy channels are:
  -- Deliberation councils
  -- Industrial associations (JAMA, JEITA, etc.)
(2) New Methodology

- Solve Vietnam’s two problems:
  1. lack of stakeholder involvement
  2. lack of inter-ministerial coordination

- Task is new and ambitious, while our time and people are limited

⇒ We do not aim at perfection, but want to make a meaningful first step.
In Spring 2006, Joint Working Group (JWG) was organized to draft Motorbike Master Plan.

17 members from IPSI/MOI, motorbike assemblers, Japanese experts, VDF.

MOI-VDF agreement for cooperation in drafting Motorbike M/P (Sep.2006).

Vietnam-Japan Joint Initiative (Phase 2) requests JWG to support Motorbike M/P.

VDF acts as coordinator and facilitator.
# J WG Work Schedule

<table>
<thead>
<tr>
<th>2006</th>
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<tbody>
<tr>
<td>Apr.-May</td>
<td>Preliminary meetings <em>(done)</em></td>
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<tr>
<td>May-Aug.</td>
<td>Brainstorming sessions to share basic information <em>(done)</em></td>
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<tr>
<td>Sep.</td>
<td>“Skeleton draft” and assignment of main drafter for each chapter <em>(done)</em></td>
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<tr>
<td>From Oct.</td>
<td>Drafting chapters</td>
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<tr>
<td>End Nov</td>
<td>“Preliminary draft”</td>
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<tr>
<td><strong>2007</strong> Mar.</td>
<td>“Final draft” by J WG</td>
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However, delay may occur since process is new and procedure must be discussed and agreed as we proceed.
Supporting Industry Survey and Brainstorming

- **Supporting Industry Survey** (Feb-Apr 2006)
  MOI & VDF, Japanese firms in North & South visited
  ➔ See VDF Report

- **Brainstorming** (May-Aug 2006, 9 sessions)
  -- International and regional data review & analysis
  -- Traffic accident data and analysis
  -- Future urban transportation strategy
  -- Urban air pollution
  -- Forecasting demand
  -- Industrial property rights
  ➔ See VDF website
Stakeholder Involvement

- From the beginning, active participation of Japanese motorbike assemblers as core members
- Participation of other stakeholders through hearings and comments (scheduled)
  -- Non-Japanese assemblers
  -- Parts producers (supporting industries)
  -- Users/consumers
  -- Relevant officials
Japan’s METI Technical Assistance Division is interested in cooperating with Motorbike JWG:

--Japanese expert dispatches

--New survey?

--Before Feb. 2007
Inter-ministerial Coordination

(Scheduled)

- Data collection
- Relevant ministries and agencies will be consulted for:
  --Drafting chapters
  --Proposing concrete policy measures
- Key issue: how to get other ministries involved in substantial policy discussion
(3) Highlights of Proposed Contents

Skeleton Draft (as of Sep 2006)

0. Introduction
1. Role of motorbikes in VN society **
2. Industrial structure & production
3. Forecasting demand
4. SI & Industrial HR
5. Urban Transport **
6. Traffic accidents **
7. Environment *
8. Industrial property *
9. Policy measures

** Non-supply issue
* Non-key issue in traditional format
Main Points

1. User-side concerns (safety, environment, congestion) are featured in addition to supply-side issues (output, skills, technology).

2. Government role is to support healthy growth of motorbike industry
   --Indicative projection and guidance
   --Realistic and meaningful standards for quality, safety, environment, industrial property
   --Enhancing supporting industries and industrial human resources
3. Policy objectives in Motorbike M/P
   (1) People’s mobility and convenience
   (2) Quality of life (congestion, traffic safety, clean air)
   (3) Ensuring reasonable cost and timing of building transport infrastructure
   (4) Leveling-up of Vietnam’s industrial capability

4. Conditional promotion of motorbike use
   “Motorbikes should continue to be used in Vietnam to ensure people’s mobility and reducing infrastructure cost, provided that sound and sustainable solutions are found and implemented in (i) traffic congestion, (ii) traffic accidents, (iii) environment, and (iv) industrial property protection.”
5. Leveling-up of industrial capability

Option 1 – Official investment and protection (not needed for motorbike industry?)

Option 2 – National brand motorbikes (?)

Option 3 – Export (subject to producer strategy & ability)

Option 4 – Enhancing supporting industries and industrial human resources

Comment 1—Motorbike Strategy accepts entry of any producer who satisfies standards in quality, environment, industrial property, etc. This is a fair and reasonable policy (neither rejecting nor promoting local assemblers).

Comment 2—If local producers are to export (low-price models), their capacity and marketing must be enhanced. If FDI producers are to export (high-price models), we need to check if their global strategy is consistent with exports from Vietnam.
6. Learning *integral manufacturing*

Japanese motorbikes are *integral* and Chinese motorbikes are *modular.*

Vietnam should become a partner in integral motorbike manufacturing in order to (i) upgrade technology; and (ii) compete effectively with Chinese products.

7. WTO consistency

--High tariffs, import bans & quotas, localization requirement are WTO inconsistent. They are not needed for Vietnam’s motorbike industry.

--Promotion of supporting industries and industrial human resources are WTO-consistent.

--Industrial property protection is highly consistent with WTO.
(4) Remaining Issues

- Old format vs. new content
- Relations with other documents
- Time constraint
Old Format vs. New Content

MPI regulates contents of all master plans; MOI also has internal guideline.

< MPI’s model content >

--Overview of industry and global situation
--VN’s potentiality (SWOT)
--Domestic situation: production, investment, technology, etc.
--Factors affecting development of sector such as party view, integration, competitiveness, GDP, export, import, etc.

--Development master plan
   Vision, orientation, objectives
   Key products, supporting industries
   Regional distribution

--Policy measures
--Responsibilities of ministries
MOI Guideline for Master Plans

Introduction
I. Potentialities—resources, infrastructure, market, competitiveness, etc.
II. Current situation—structure, products, technology, labor, etc.
III. Domestic and foreign factors affecting sector development

IV. Development master plan
   --Vision, orientation and objectives
   --Options for development
   --Regional distribution
   --Investment capital and targeted projects
   --Socio-economic impacts

V. Measurement, policies and implementation

Conclusion & proposals
Problems with Current Format

- Supply-side orientation, with quantitative targets and concrete projects (who will ensure or carry out these targets & projects?)
- Uniform and easy to fill, but little room for creativity or clear message
- Difficult to highlight specific needs of each sector (eg. motorbike—user concerns, traffic safety, clean air, urban planning, etc)

➤ Possibility for more flexible format?
Motorbike Master Plan vs. Other Documents?

- **Motorbike Strategy** (approved Sep. 2006)
  
  With quantitative targets for production, localization and exports in 2010, 2015, 2025

- Supporting Industry Master Plan

- Overall Industrial Master Plan

- Policies of other ministries
  
  FDI attraction, environment regulation, urban infrastructure, traffic regulation, quality standard, industrial property, education and training, etc.
Time Constraint

- Master plan drafting is governed by Vietnam’s budget cycle
- Overloading—not enough time or staff
- The case of Motorbike Joint Working Group
  -- Less than one year for developing new method
  -- Much time spent for procedural discussion
  -- JWG members working on part-time, voluntary basis

Cf. Thailand, Malaysia

➡️ Longer time for better results?
Relevant VDF Reports

- *Industrialization of Developing Countries: Analyses of Japanese Economists* (Eng & Jpn, October 2006).