Policy Learning for Executing Industrial Strategies

International Best Practices in Policy Procedure and Organization

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Methodological Problems of Vietnam’s Industrial Policy Making

1. Coherent policy structure is lacking:
   - Industrialization & Modernization – must be concretized
   - SEDP & SEDS – comprehensive, too many priorities
   - Overall industrial master plan – does not exist
   - Subsector master plans – electronics, automobile, motorcycle, etc. not effectively implemented

2. Inter-ministerial coordination is weak – budget, staffing, legal framework, etc. necessary for execution are not provided.

3. Stakeholder involvement is weak – businesses do not support implementation.
Ingredients for Successful Policy Execution

1. Leadership
2. National movement for mindset change
3. Policy measures
4. Policy procedure and organization
5. Policy structure—vision, strategy, actions, monitoring

➔ All these can be learned from systematic study of international best practices
Learning from Other Countries

- It is NOT copying some policy adopted in some other country to Vietnam without local context. Ad hoc or random copying should be avoided.
- The claim that “our country is unique” should not be used as an excuse for not learning from others.
- Learn mindset and methodology for conducting industrial strategies effectively. Learn how to make policies.
- Early achievers (Japan, Korea, Singapore…) improvised through self-effort and trial-and-error. For latecomers, more systematic learning is desirable.
Systematic Policy Learning

Purpose is to enhance Vietnam’s policy capability.

- **Policy measures**—*what* other countries do: collection and analysis of best practices for any proposed measures (SME finance, industrial park management, TVET-business linkage...)

- **Policy procedure and policy organization**—*how* others draft and implement good policies.

- Strengthen **capability to create policy package** suitable for Vietnam using foreign models as building blocks – selectivity and adjustment required.

- **Policy scope** should be expanded as policy learning progresses – from simple to more difficult.
1. Leadership

- Importance of leadership quality cannot be understated. National leader is the main driving force of industrialization.

- Vietnam has collective leadership under one party. This can assure stability but bold reforms and quick actions are more difficult to emerge.

- Window of opportunity—as the new government is formed, top leaders should announce new vision and strategies for 2020 and overcoming a middle income trap.
2. National Movement for Mindset Change

- Many developing countries suffer from weak private sector response:
  - Firms are too passive, waiting for customers or official support.
  - Workers do not learn skills; job hopping is rampant.
  - Short-term speculation is preferred over long-term investment in manufacturing technology.

- If mindset doesn’t change spontaneously, state may have to force it from the top until it becomes part of national culture.

- Forced movement is a double-edged sword. Some countries succeed brilliantly but others fail. It must be designed with knowledge and care.
Examples of National Movement

- Japan’s Rural Life Improvement Movement (1948-)
- Japan’s productivity/kaizen movement (1950s-)
- Korea’s Saemaul Movement (1970s-)
- Singapore’s Productivity Movement (1980s-), with Japanese assistance
- Malaysia’s Look East Policy (Learn from Japan & Korea, 1980s-)
- Botswana’s Productivity Movement (1990s-), with Singapore’s assistance
- Rwanda’s ITC Drive (2000s-)
Factors for Successful National Movement

National movement is not just a few projects; it is a comprehensive drive with strong passion and deep commitment, involving everyone from top to bottom and taking a decade or more to accomplish.

- Strong personal commitment of top leader
- Top-down guidance for grassroots participation
- Performance-based incentives and rewards
- Supporting institutions and mechanisms at central and local levels
- Authorized and standardized training programs for concerned officials, leaders and participants
- Long-term implementation with evolving emphasis (from state-led to market-driven)
Example: Singapore’s Productivity Movement

- 1979: PM Lee Kuan Yew states “Workers here are not as proud of or as skilled in their jobs compared to Japanese or Germans.”
- 1981-87: November is designated as Productivity Month; LKY delivers his annual speech on productivity.
- Singapore’s positive features:
  - Strong personal commitment by Prime Minister
  - Mass campaign for awareness raising
  - Three-way cooperation among government, industry and labor unions
  - JICA assistance from 1983 to 1990
  - Producing private consultants from JICA trainees by installing proper system and incentives
### Singapore: Evolution of Productivity Organizations

<table>
<thead>
<tr>
<th>Period</th>
<th>Organization</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td><strong>Productivity Unit</strong>, within Economic Development Board (EDB)</td>
<td><strong>1965</strong>: Charter for Industrial Progress, Productivity Code of Practice</td>
</tr>
<tr>
<td>1967-72</td>
<td><strong>National Productivity Center</strong></td>
<td><strong>1971</strong>: Tripartite Interim Committee (to prepare NPB)</td>
</tr>
<tr>
<td></td>
<td>- Autonomously-run division under EDB</td>
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</tr>
<tr>
<td>1972-95</td>
<td><strong>National Productivity Board (NPB)</strong></td>
<td><strong>1973</strong>: Singapore Productivity Assn. (SPA) formed</td>
</tr>
<tr>
<td></td>
<td>- Statutory body, initially affiliated with Ministry of Labor and later with Ministry of Trade and Industry (MTI)</td>
<td><strong>1981</strong>: <em>Productivity Movement</em> Launched</td>
</tr>
<tr>
<td>1996-2001</td>
<td><strong>Productivity Standard Board (PSB)</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Statutory body, affiliated with MTI</td>
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<tr>
<td>2002-present</td>
<td><strong>Standards, Productivity and Innovation Board (SPRING)</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Statutory body, affiliated with MTI</td>
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</tr>
</tbody>
</table>
Singapore: Productivity Movement, 1981-1990s

**Awareness stage** 1981-85
- Create widespread awareness of productivity among companies and the workforce

**Action stage** 1986-88
- Translate “Awareness” into specific programs
- To improve productivity
- At the workplace

**Ownership stage** 1989-90s
- Encourage ownership of Productivity Movement by private firms
- Start international cooperation

JICA-supported Productivity Development Project (PDP: 1983-90)
- Training of NPB staff
- Massive campaign
- NPB staff (with JICA experts)
- Conduct company visits, model company project, etc.
- Private management consultants
Awareness Stage: 1981-85

- **Focus**
  - Positive work attitude
  - Teamwork
  - Recognition for companies and individuals

- **Measures taken**
  - Education of the public—campaign slogans and posters: "Together We Work Better"
  - Information dissemination and training
  - Strengthening company loyalty
  - Labor-management joint consultation
  - Promotion of productivity in the public sector

Source: Information provided by Mr. Lo Hock Meng to the GRIPS mission on Sept. 2, 2010.
Action Stage: 1986-88

- **Focus**
  - Skills upgrading of management and workers
  - Upgrading of companies’ operational efficiency

- **Measures taken**
  - Model company project – implemented jointly by NPB staff & JICA experts
  - Management consultancy referral schemes, associate consultant scheme – mobilizing private consultants trained under JICA-supported PDP
  - Industry-based consultancy assistance scheme
  - Training of workforce (via. Skills Development Fund)
  - Collaboration with other National Training Programs

Source: Information provided by Mr. Lo Hock Meng to the GRIPS mission on Sept. 2, 2010.
Ownership Stage: 1989-90s

- **Focus**
  - Self-sustaining *Productivity Movement*

- **Measures taken**
  - Private sector leading the annual productivity campaign
  - Singapore Quality Award (1994- )
  - Launch of Productivity Activists Scheme (1996- )

- **International cooperation**
  - Singapore begins to assist other countries in productivity (ODA-based & fee-based programs: ASEAN, Botswana, Rwanda, Southern Africa...)

Source: Information provided by Mr. Lo Hock Meng to the GRIPS mission on Sept. 2, 2010.
3. Policy Measures

- In our age, policy space for latecomer countries is somewhat narrower than 1960s-1970s (import tariffs, export subsidies, etc. are not allowed). But there are still many policies permitted under WTO/FTAs/EPAs.

- East Asian neighbors are already implementing such policies ("proactive industrial policy"). Study them as raw materials for building Vietnam’s own policy package.

- Broad industrial policy menus are basically the same across countries. Success or failure depends on details (how well each policy is implemented) rather than following different policy menus.
Proactive Industrial Policy: Seven Required Principles

1. Strong commitment to global integration and private sector driven growth
2. A wise and strong government guiding private sector
3. Securing sufficient policy tools for latecomer industrialization
4. Constant policy learning through concrete projects and programs
5. Internalization of knowledge, skills and technology as a national goal
6. Effective public-private partnership
7. Collection and sharing of sufficient industrial information between government and businesses
Standard Policy Menu in East Asia

- *Kaizen* (factory productivity improvement tools)
- *Shindan* (SME management consultant system)
- Engineering universities (King Mongkut ITK, Nanyang Polytechnic, Thai-Nichi Institute of Technology...)
- TVET-business linkage (Singapore, Thailand...)
- SME finance (two-step loans, credit guarantees...)
- Integrated export promotion (Korea)
- Industrial zone development (Taiwan, Korea, Thailand, Malaysia, Singapore...)
- Strategic FDI marketing (Thai BOI, Malaysia’s MIDA, Penang, Singapore)
- Supporting industry promotion (parts & components; Thai auto)
# Standard Policy Menu for Enhancing Industrial Human and Enterprise Capability

<table>
<thead>
<tr>
<th>Main objectives</th>
<th>Sub items</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Legal and policy frameworks</td>
<td>Laws and regulations</td>
</tr>
<tr>
<td></td>
<td>Ministries/agencies for promoting SMEs, FDI, etc. with sufficient capability and authority</td>
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<td>Inter-ministerial coordination mechanisms</td>
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<td></td>
<td>Effective public private partnership (PPP)</td>
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<td></td>
<td>Mechanism for business-government-academia linkage</td>
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<td></td>
<td>Policy system consisting of visions, roadmaps, action plans, and monitoring</td>
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<td></td>
<td>Standards for quality, safety, skills, environment, etc.</td>
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<td>Mechanisms for protecting and utilizing Intellectual property rights</td>
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<td></td>
<td>Strengthening of industrial statistics</td>
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<td></td>
<td>Strategic mobilization of international cooperation</td>
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<tr>
<td>(2) Local capacity building (industrial human resource</td>
<td>Universities of technology and engineering, industrial colleges</td>
</tr>
<tr>
<td>and local enterprises)</td>
<td>Short-term courses for entrepreneurs</td>
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<td></td>
<td>Technical support on specialized skills for engineers</td>
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<td></td>
<td>Technical and vocational training for new or current workers</td>
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<td></td>
<td>Skill certification, competition, and awards</td>
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<td></td>
<td>Subsidies and incentives for targeted activities (worker training, technology transfer, die and mold, marketing, ITC, etc)</td>
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<td></td>
<td>Management or technical advisory service (by visiting consultants, short-term)</td>
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<td></td>
<td>Enterprise evaluation and advice system (institutionalized shindan system or technical extension services) - also related to</td>
</tr>
<tr>
<td></td>
<td>SME finance</td>
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<tr>
<td></td>
<td>Local enterprise networks</td>
</tr>
</tbody>
</table>
| (3) Finance | Development financial institutions  
Subsidized commercial bank loans for targeted firms (two-step loans)  
Credit guarantee system  
Equipment leasing  
Venture capital  
Enterprise credit information system  
Enterprise evaluation and advice system (same as in (2)) |
|-------------|---------------------------------------------------------------|
| (4) FDI marketing | List of priority products and activities and a system of investment incentives  
Investment promotion seminars and missions  
Effective investor information package and website  
Investment promotion offices abroad  
One-stop services and enterprise support (before and after investment)  
Upgrading infrastructure service quality (power, transport, water, etc)  
Environmental control and facilities (incl. waste water treatment)  
Industrial estates with sufficient infrastructure services and administrative services (incl. specialized industrial parks)  
Labor support (training, recruiting & matching, housing/domitories, commuting, health care, etc.)  
Prioritized and targeted FDI marketing  
Inviting individual target company (”anchor firm”) and provision of required conditions |
| (5) Linkage (learning by working with global standard firms; market development) | Trade fairs and reverse trade fairs  
Enterprise databases (SMEs, supporting industries, sectoral)  
Official intermediation/promotion of subcontracting  
Incentives/subsidies for FDI-local firm linkage  
Domestic and export market development support  
Establishment and enhancement of industry associations |
4. Policy Making Procedure

Necessary steps:

1. Clear vision given by top leader

2. Consensus building (setting broad goals & directions)
   - Brainstorming among related ministries and agencies
   - Collection and analysis of international best practices
   - Discussion with non-government stakeholders

3. Documentation
   - Drafters can be officials, academics, or consultants
   - Participation of all stakeholders in drafting & commenting

Vietnam is weak in all these steps.
Standard Policy Making Procedure

1. Vision
   - Top leader
   - Brainstorming
   - Studies & surveys
   - Stakeholder consultation

2. Consensus building process
   - Set broad goals & direction
   - Drafting work
   - Comments & revisions

3. Documentation process
   - Finalize & approve

Note: the entire process is managed and coordinated by a lead ministry or agency.

- The whole process (about 1 year) is managed by Thailand Automotive Institute (TAI).
- Goals are set by private firms; no government approval is needed for final M/P.

“CEO Forum”
FDI & local firms
Exporters
MoI, MoST, MoEdu
Professors’ team (Chulalongkorn Univ)

Brainstorming; agreeing on goals & directions

Set up formal committee for drafting M/P
M/P Steering Committee
Organized by MOI
Businesses
Officials
Experts

Subcommittees study identified issues
- Human resource
- Productivity
- Marketing
- Engineering
- Investment & linkage

M/P Drafting
By TAI staff
Comment & dissemination
Implementation

Business
Gov’t
Experts

Business
Gov’t
Experts

(Informal)
(Formal)
Malaysia: 3rd Industrial Master Plan 2006-2020

Grand total 338 + advisors

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
:Head of TRG

Advisor/Coordinator
MIDI
MACTRADE
MIDA
SMIDEC
MEF/Business
MDC
Marketing/Branding
Logistics
Development
Services


Sep.2004
IPC SC
TRGs are called and start work

Mar.2005
1st draft brainstorming
Review and inputs by private sector & MITI

Aug.2006
Finish

MITI
More fine-tuning with TRGs

Final adjustments in data & words within MITI

Note: Numbers in parentheses indicate the number of members in each committee or group.
Vietnam: Traditional M/P Drafting Process

- Prime Minister
  - Review for approval

- Minister
  - Inter-ministerial review
  - Order
  - Submit
  - Internal review

- MPI & other Ministries
  - Submit
  - Data
  - Technical assistance (sometimes)
  - Contact Ministry when necessary
  - Hearings, symposiums (sometimes)

- Drafting Team

- Business Community
  - No permanent channel for continuous policy dialogue (case-by-case, temporary, ad hoc)
  - Appeal letter to Prime Minister when problems arise
  - International experts

Government

MPI & other Ministries

International experts
Common Mistakes

Practices that do not lead to policy learning:

1. Lack of clear vision or directive from top leader
2. Policy making within a narrow circle of officials without deep involvement of other stakeholders
3. Outsourcing of entire policy drafting to outside academics or consultants, with policy makers only making comments & revisions
4. Bottom-up collection of ideas drafted by various ministries which ends up in unconnected chapters and too many priorities

Vietnam – items 1, 2, 4 must be improved.
What organizational arrangement can ensure good policy procedure as proposed above? There are alternative models:

- Technocrat group directly under PM or President
- National Councils or Committees
- Super-ministry
- Sector/issue-specific institute acting as a hub
- Strong leader without institutionalization

These approaches are not mutually exclusive. For Vietnam, I recommend the second approach.
Technocrat Group Approach

- Elite technocrat group with full planning authority given by top leader
- Members are selected officials, business leaders & experts with good education & experience

Korea - Econ. Planning Board
Malaysia - Econ. Planning Unit
Thailand - NESDB
Taiwan - Kuomintang Elites
Indonesia - “Berkeley Mafia”
Chile - “Chicago Boys”
National Council/Committee Approach

Typical configuration:

PM or President

Chair, give mandate

National Council or Committee

Support

working groups or task forces for specific issues and sectors

Ministries and agencies

Plan

Implement

Businesses Academics Experts
## Comparing the Two Approaches

<table>
<thead>
<tr>
<th>Number</th>
<th>Technocrat group serving top leader</th>
<th>National councils/committees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tasks</td>
<td>Multiple and variable</td>
<td>Single task</td>
</tr>
<tr>
<td>Time scope</td>
<td>Semi-permanent (until this system is no longer needed)</td>
<td>Temporary (until the assigned task is completed)</td>
</tr>
<tr>
<td>Relation with ministries</td>
<td>A planning body above all ministries; the latter are implementing bodies</td>
<td>Ministers and officials participate in policy making as members</td>
</tr>
<tr>
<td>Comment on Vietnam</td>
<td>Previously, PM’s Research Commission played an advisory role without policy making authority.</td>
<td>There are too many committees. Selectivity and strategic action-orientation are needed.</td>
</tr>
</tbody>
</table>
Korea 1960s-70s: Economic Planning Board

- Direct presidential control over economic policies
- EPB as super-ministry
- Research institute (KDI, etc.), providing analysis for MLT economic policies
- Govt.-business: very close & cooperative relations
- Performance-based rewards & penalties

Directors:
- (Blue House)
- Economic Secretariats

Economic Minister’s Council
- Chaired by Deputy PM

Govt.-Business Meetings:
- Export promotion
- Economic briefs
- HCI drive, etc.

Ministries/Agencies:
- KDI
- EPB
- Deputy PM
- Five-year plan
- KDI
- MTI
- Business
- Finance

President
- Development planning
- Public investment planning
- Budget
- Monitoring
- Aid management
Korea Now: Presidential Committees

**Vision & Priority Agenda**

President

**Chairman Co-chaired by Prime Minister**

**PC. Green Growth** (Feb. 2009)
- Secretariat
  - about 60 staff (seconded officials from various govt. agencies)

**PC. Future & Vision** (May 2008)
- Secretariat
  - about 30 staff (seconded officials from various govt. agencies)

**PC. National Competitiveness** (Feb. 2008)
- Secretariat

**PC. Nation Branding** (Jan. 2009)
- Secretariat

**Drafting, Inter-ministerial coordination, etc.**

Ministry A  Ministry B  Ministry C  Ministry D  Ministry E  Ministry F

Implementation
Singapore Now: New Productivity Drive

National Productivity and Continuing Education Council (NPCEC)

Working Committee for Productivity and Continuing Education (WCPCE)

Review & submit

Oversight

Review & approval

Sectoral “Productivity Roadmap” for the next 10 years

Draft & propose

Financial Incentives

Sector working groups (12 priority sectors)

- Construction
  - BCA
  - Unions
  - Industry

- Electronics
  - EDB
  - Unions
  - Industry

- Precision Eng.
  - EDB
  - Unions
  - Industry

- Transport Eng.
  - EDB
  - Unions
  - Industry

- General Mfg.
  - SPRING
  - Unions
  - Industry

- F & B
  - SPRING
  - Unions
  - Industry

- Retails
  - SPRING
  - Unions
  - Industry

Cross-cutting issues

- Low wage workers

- Research & benchmarking

- Infocomm and logistics
Thailand 1980s: Eastern Seaboard Development
(Large-scale industrial region development)

Eastern Seaboard Development Committee (ESDC)
Chair: Prime Minister (later, Deputy PM)
Secretary: Secretary General of the National Economic and Social Development Board (NESDB)

Sub-committees
Chair: Minister of government agency in charge

Budget
- Approve
- Control
- Direct
- Supervise
Bureau of the Budget (BOB)

Technical Assistance
- Propose
- Appoint
Department of Technical and Economic Cooperation (DTEC)

Loan
- Propose
- Appoint
Fiscal Policy Office (FPO)

Office of Eastern Seaboard Development Committee (OESD) within the NESDB

Gov’t agencies (central, regional, local) and State enterprises

- Coordinate
- Oversee
- Advise
Malaysia 1991-: Industrial Policy Coordination

Vision 2020
Malaysia Plan (Five-Year DP)

Political Parties
- Malay society
- Chinese society
- Indian society

Chambers of Commerce

Source: Adapted from Takashi Torii, “Mahathir’s Developmentalism and Implementation Mechanism: Malaysia Incorporated Policy and BCIC,” ch.4, Higashi (2000), pp. 166, Figure 2.
Malaysia Now: National SME Dev. Council

**National SME Development Council**

- Est. 2004, chaired by PM

- 14 Other Ministries

**Ministry of Int’l Trade and Industry**

(MITI, lead ministry for SMEs)

- MITI’s key departments
  - Strategic Planning
  - Entrepreneurship Development
  - Sectoral Policy & Industrial Service
  - Investment Policy & Trade Facilitation
  - Services Sector Development

- Implementing agencies under MITI
  - SME Corp. Malaysia (lead agency for SMEs and secretariat to National SME Dev. Council)
  - Malaysian Ind. Dev. Authority (investment)
  - Malaysia Productivity Corp (research, training, consultation)
  - SME Bank (finance)
  - Malaysian Ind. Dev. Finance (finance)
  - MATRADE (trade)

- Private sector partners
  - Service & training providers (private consultants & companies)
Super Ministry Approach

- One ministry with broad authority for industry (sectors, trade, technology, training, standards, SMEs, FDI, IPR, regional development...)

- Performing multiple tasks—planning, interface with politicians, working with businesses and other stakeholders, trade negotiation, drafting laws and regulations, monitoring, dissemination....

- Highly motivated and capable officials, and extensive information networks are needed.

- No charismatic leader is needed for this approach to work.
Organizational Structure of Japan’s Ministry of International Trade and Industry, 1960s

MITI

Main Bureau
- Minister’s Secretariat (incl. Research & Statistics)
- Int’l Trade Policy Bureau
- Int’l Trade Admin. Bureau
- Industrial Policy Bureau
- Industrial Location & Environment Protection Bureau
- Basic Industries Bureau
- Machinery & Information Industries Bureau
- Consumer Goods Industries Bureau

Attached Organizations and External Bureaus
- Agency of National Resources & Energy
- Patent Office
- SME Enterprise Agency
- Agency of Industrial Science & Technology
- Trade & Investment Training
- Other

Deliberation Councils
- Industrial Structure
  - Export Insurance
  - Textile
  - Petroleum
  - Electrical Works
- Int’l Trade Transaction
- Industrial Location & Water
- Product Safety & Household Goods Quality Indication
- Aircraft & Machinery Industry
- Traditional Crafts Industry

(*) Industrial Structure Council: influential in the 60s (18 special committees): industrial pollution, int’l economy, consumer economy, heavy industry, chemical industry, etc.
Hub Institution Approach

- A semi-official sector/issue organization set up by government plays policy coordinating role.
- As a neutral NPO, the hub institution organizes and manages policy drafting.
- This approach requires (i) deep trust among all stakeholders; (ii) capable leader & staff at hub institution; and (iii) flexible and pragmatic policy making culture (MOI lets hub institution to produce policy).
## Thailand: Specialized Institutions

<table>
<thead>
<tr>
<th>Name</th>
<th>Start-up Date</th>
<th>Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand Productivity Institute</td>
<td>June 1995</td>
<td>Originated from MOI industry promotion dept. 20 Board members, 161 staff.</td>
</tr>
<tr>
<td>Thai-German Institute</td>
<td>Nov. 1995</td>
<td>Financial cooperation from KfW, GDC. Technical training (CNC, CAM/CAD, etc.), 12 Board members, 79 staff, 5 German experts.</td>
</tr>
<tr>
<td>Thailand Textile Institute</td>
<td>June 1997</td>
<td>Based on MOI industry promotion dept. and industry association. 20 Board members, 27 staff.</td>
</tr>
<tr>
<td>National Food Institute (NFI)</td>
<td>Oct. 1996</td>
<td>Based on MOI industry promotion dept. and industry association. 20 Board members, 27 staff.</td>
</tr>
<tr>
<td>Thailand Automotive Institute (TAI)</td>
<td>April 1999</td>
<td>Supporting industry development. 20 Board members, 28 staff</td>
</tr>
<tr>
<td>Electrical &amp; Electronics Institute (EEI)</td>
<td>Feb. 1999</td>
<td>Supporting industry development. 29 Board members, 28 staff</td>
</tr>
<tr>
<td>Foundation for Cane &amp; Sugar Research Institute</td>
<td>April 1999</td>
<td>Originated from Cane &amp; Sugar Research Institute. 13 Board members.</td>
</tr>
<tr>
<td>Institute for SME Development</td>
<td>June 1999</td>
<td>Modeled on Japan’s SME Univ. Operated by Thammasat Univ. in cooperation with 8 local universities. 21 Board members.</td>
</tr>
<tr>
<td>The Iron &amp; Steel Institute of Thailand</td>
<td>Dec. 1998</td>
<td>Aimed at joint marketing promotion of four steel companies (oversupply)</td>
</tr>
</tbody>
</table>

Note: These institutions are required to be self-financing without official financial support.
Thailand: Institutional Hub for linking businesses, government and experts
(Under Thaksin Government, 2001-2006)

Visions to be concretized
- “Detroit of Asia”
- “Hub of Tropical Fashion”
- “Kitchen of the World”

Prime Minister

Order

Relevant Ministry

Industry-specific Committees

High level

Specialized Institute

Operational level

Private Sector

Experts

Direct access
Recommended Actions for Vietnam

1. Identify a small number (up to several) of key industrial strategies toward 2020.
2. Study international best practices in chosen strategies as building blocks of a policy package suitable for Vietnam.
3. Create appropriate policy procedure and policy organization to implement chosen policies.
4. Progress review by highest level.
Need for Policy Focus Points

- Too many priorities is equivalent to no priority. Only up to several strategies should be chosen for vigorous action.
- Each strategy must have lead ministry/agency, master plan, budgeting, staffing, monitoring, and international cooperation.
- Strategies may have large overlaps. Coordination must be done at above-ministry level (PM or DPM).
Michael Porter’s Proposal for Vietnam

Vietnam: My Proposal for NCC

Prime Minister

Direct, give mandate

National Competitiveness Council

Chaired by PM (or DPM)
Secretariat: Government Office
Members: Heads of concerned ministries

Commission
studies, reports

Support, report, draft

Working groups for specific issues or sectors

- SMEs
  Secretariat: MPI
  Ministries, businesses, experts

- Supporting industries
  Secretariat: MOIT
  Ministries, businesses, experts

- Clusters
  Secretariat: MOIT
  Ministries, businesses, experts

- TVET
  Secretariat: MOLISA
  Ministries, businesses, experts

- Higher Educ
  Secretariat: MOET
  Ministries, businesses, experts

Ministries and agencies

Implement

Note: This is a preliminary idea of K. Ohno to initiate discussion; listed issues and ministries are suggestions only; everything is subject to addition, deletion or change.
A Proposal for NCC (cont.)

- Full-day NCC meeting, chaired by PM (or DPM), should be organized every three months or so.
- PM should give concrete instructions and ask for reports, studies, and solution of problems. He should coordinate among issues and ministries.
- NCC members are ministers, prominent experts, and business representatives.
- NCC secretariat to be created within Government Office to offer administrative support.
- Issue-based working groups should be formed and lead ministry should be assigned. They must work constantly with stakeholders and report results at every NCC meeting.
References


