Export Promotion in Developing Countries - JICA’s Experience -

1st High Level Forum Industrial Policy Dialogue (Phase II) in Ethiopia

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Addis Ababa, 11 January 2012
Contents of today’s presentation

1. Introduction: export promotion
2. Major approaches in export promotion assistance
3. Indonesia’s case – JICA’s assistance and country’s experience
4. Summary and major implications for Ethiopia
1. Introduction: export promotion

- **Export promotion - a major part of private sector development**
  
  Driving force of private sector led economic growth

- **Export promotion - a wide variety of approach**
  
  Not only incentive instruments but many approaches are available and complement each other

- **Implementation on the ground**
  
  Framework alone does not make change

- **Capacity building for service delivery**
  
  Customer-oriented, demand driven
Major approaches for export promotion - JICA’s experience -

1. **Trade Policy Support**
2. **WTO/EPA related capacity building**

**Policy framework**

- **Export Promotion Organization capacity building**
  - Organization and planning
  - Services (Market Info, Promotion, Linkages etc.)

**Exporter competitiveness**

- **Export product competitiveness improvement**
- **Trade/Export Training**

**Export infrastructure**

- **Hard Infrastructure (Transport, OSBP, SEZ etc.)**
- **Soft Infrastructure (IPR, Standards & Conformance, Metrology, Statistics etc.)**
Major approaches for export promotion - JICA’s experience -

i. **Building of implementing capacity for export promotion**
   1) Organisation and planning
   2) Service delivery capacity building

ii. **Export/trade training**

iii. **Trade policy support**

iv. **WTO, FTA/EPA**

v. **Trade facilitation / trade related procedures**

vi. **Other export related assistance:**
   1) export product competitiveness improvement, 2) soft infrastructure (IPR, standards & conformance, legal metrology, statistics), 3) hard infrastructure (transport, OSBP, SEZ)
2-i. Building of implementing capacity for export promotion

1. **Organization and planning**
   - Ministry-internal organization/department? or export promotion agency? or overarching body?
   - Necessary functions and action plans

2. **Service delivery capacity building**
   - Market information services
   - Promotion services
   - Linkage/networking services etc.

3. **Assistance in the past**
   - Indonesia NAFED, Malaysia MATRADE, Lao DPR Trade Promotion Project, Egypt EEPC, Dominican Republic, Guatemala AGEXPORT etc.
Export promotion organizations (Asian examples)

<table>
<thead>
<tr>
<th>Sub-item</th>
<th>DEP Thai</th>
<th>MATRADE</th>
<th>KOTRA</th>
<th>TAITRA</th>
<th>AUS TRADE</th>
<th>IE Singapore</th>
<th>JETRO</th>
<th>NAFED</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of staff in total</td>
<td>957</td>
<td>479</td>
<td>Over 1,000</td>
<td>731</td>
<td>1,072</td>
<td>450</td>
<td>1,680</td>
<td>375</td>
</tr>
<tr>
<td>No. of overseas office (country)</td>
<td>56 (41)</td>
<td>32 (28)</td>
<td>app. 100 (73)</td>
<td>44 (n.a.)</td>
<td>142 (64)</td>
<td>35 (21)</td>
<td>73 (54)</td>
<td>6 (6)</td>
</tr>
<tr>
<td>No. of exporters in directory</td>
<td>10,000</td>
<td>13,764</td>
<td>5,346</td>
<td>76,150</td>
<td>over 10,000</td>
<td>app. 12,000</td>
<td>n.a.</td>
<td>1,181</td>
</tr>
<tr>
<td>No. of website visitor / year</td>
<td>1.1 mil</td>
<td>0.74 mil</td>
<td>over 2 mil</td>
<td>10.4 mil</td>
<td>n.a.</td>
<td>5 mil</td>
<td>103.3 mil</td>
<td>n.a.</td>
</tr>
<tr>
<td>No. of inquiry / year</td>
<td>n.a.</td>
<td>13,784 (overseas)</td>
<td>7,551 (HQ)</td>
<td>n.a.</td>
<td>410,000/ n.a.</td>
<td>n.a.</td>
<td>app. 50,000</td>
<td>33,013</td>
</tr>
<tr>
<td>No. of matching made / year</td>
<td>n.a.</td>
<td>7,135</td>
<td>n.a.</td>
<td>5,089</td>
<td>5,098</td>
<td>n.a.</td>
<td>6,733</td>
<td>n.a.</td>
</tr>
<tr>
<td>No. of overseas trade fair / year</td>
<td>90</td>
<td>50</td>
<td>n.a.</td>
<td>50</td>
<td>n.a.</td>
<td>100</td>
<td>n.a.</td>
<td>26</td>
</tr>
</tbody>
</table>

2-ii. Export/trade training

- Most conventional JICA’s assistance in the trade sector
- Conducted at newly established / existing export training centers in developing countries
- Targeted exporters / potential exporters (mostly SMEs)
- Provide trainings and TOTs
- Various training courses: export procedure, pre-export inspection, export product value addition…
- Assistance in the past: Indonesia IETC, Kenya EPC, Egypt FTTC etc.
2-iii. Trade policy support

- Dispatching trade policy advisor in responsible ministry/agency: Indonesia, East Timor, PNG, Mongolia, Pakistan, Madagascar …
- Economic/Industrial policy support program (dialogue) sometimes include export promotion component
- Training in Japan
- Training in third countries (ex. Japan-Singapore Training Programme on Trade and Investment Promotion for APEC Economies)
2-iv. WTO, FTA/EPA

1. APEC WTO Capacity Building Program (2002-2004)
   • Indonesia, Malaysia, Philippines and Thailand
   • Ministerial function, AD/CVD/SG/DSU, GATS, TRIPS, TBT
   • Workshop, training, training material, system development

2. Group Training Course on WTO in Japan
   • Implementation of WTO Agreements in Africa

   • Project for the Strengthening of the Utilization of IJEPA (Indonesia)
2-v. Trade facilitation / trade related procedure

- Analysis of cargo and document procedures for import/export
- Time study and productivity improvement
- Web-based trade rule book, database, manuals
- Dialogues on trade related regulations and export promotion facilities
- Coordination with customs / inter-ministerial coordination
- One Stop Border Post (soft component)
2-vi. Other export related assistance

1. **Export product competitiveness improvement**
   - MSME development (Kaizen, OVOP, design/brand/packaging etc.)

2. **Export related soft infrastructure**
   - Intellectual Property Rights (IPR), standards & conformance, legal metrology, trade statistics etc.

3. **Export related hard infrastructure**
   - Transport infrastructure, One Stop Border Post, Special Economic Zone (SEZ) etc.
3. Indonesia’s case – JICA’s assistance and country’s experience

- Facts: 240 mil. population, export value $157 bil. (2010), economic integration (ASEAN & APEC)
- Traditionally deep ties with Japan both in public/private: EPA, East Asian industrial network, largest ODA recipient
- All the menus are available here
- Significant contribution by Indonesian side
Indonesia’s policy instrument menu for export promotion in 1980s

a. **Type 1: Primary product processing (eg. Plywood)**
   - Regulation on raw material export → Investment incentive on domestic production → Export incentive on processed wood (cheap credit, drawback)

b. **Type 2: Transforming from IS to EO (eg. Textile)**
   - Regulation on product import (tariff up) → Tariff down for material import; Investment incentive on domestic production; → Export incentive on textile (cheap credit, drawback)

c. **Type 3: Processing deal (eg. Semiconductor)**
   - Incentive on parts import → Export incentive on product

3. JICA’s continuous support for Indonesia’s export promotion

i. Export promotion
ii. Trade training
iii. WTO capacity building
iv. EPA socialisation and utilisation strengthening
v. Trade facilitation / trade related procedures
vi. Other export related support: export product competitiveness improvement, trade related infrastructure (hard and soft)
3-i. Export promotion (Indonesia)

Cooperation with National Agency for Export Development (NAFED)

a. Project for Establishment and Capacity Building of Regional Export Training and Promotion Centers (RETPCs) (2002-2006)


c. Project on Service Improvement of NAFED (2010-2015)
3-i-a. Project for Establishment and Capacity Building of Regional Export Training and Promotion Centers (RETPCs) (2002-2006, Indonesia)

- Established four RETPCs in four cities (buildings/facilities are prepared by Indonesian side): Surabaya, Medan, Makassar and Banjarmasin
- Provide export training, trade information and promotion services to SMEs in the respective regions
- Related Institutions: NAFED, IETC, Provincial Governments – Directorate of Industry and Trade (East Java, North Sumatera, South Sulawesi, South Kalimantan)
Regional Export Training and Promotion Centers (RETPCs)
(buildings and facilities are provided by Indonesian side)

RETPC East Java (Surabaya)

RETPC North Sumatra (Medan)

IETC (Indonesia Export Training Center) (Jakarta)

RETPC South Sulawesi (Makassar)

RETPC South Kalimantan (Banjarmasin)

Source: JICA (2006)
Facilities of RETPCs
(basically provided by Indonesian side)

Mini-Display  Class Room
Auditorium  Business Library

Source: JICA (2006)

- Analysis
- Comparison of optimum organizational structure (the next slide)
- Action plans (the following slide)
- Pilot projects
- Recommendations
Comparison of optimum organizational structure for export promotion

- For Indonesia, “service-oriented” was recommended. Why?

## Proposed action plans for NAFED = Possible menu

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Action Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Information Service</strong></td>
<td></td>
</tr>
<tr>
<td>A01 Review incl. website design</td>
<td>A14 Design/brand awareness for SMEs</td>
</tr>
<tr>
<td>A02 Market intelligence capacity</td>
<td>A15 SME design/brand dev. training</td>
</tr>
<tr>
<td>A03 Value-added market info Service</td>
<td>A16 Design-related information service</td>
</tr>
<tr>
<td>A04 Buyers list improvement</td>
<td>A17 Matching SMEs and designers</td>
</tr>
<tr>
<td><strong>Export Promotion Service</strong></td>
<td></td>
</tr>
<tr>
<td>A05 Exporters list improvement</td>
<td>A18 Government support desk</td>
</tr>
<tr>
<td>A06 Customer service center establish</td>
<td>A19 Support for RETPCs &amp; alumni</td>
</tr>
<tr>
<td>A07 Free membership service: Club</td>
<td>A20 NAFED regional information desk</td>
</tr>
<tr>
<td>A08 Business partnership program</td>
<td>A21 Service providers partnership</td>
</tr>
<tr>
<td>A09 Export Market Dev. Grant scheme</td>
<td>A22 Export education for awareness</td>
</tr>
<tr>
<td>A10 Industrial cluster dev. program</td>
<td><strong>Organizational/Manage system</strong></td>
</tr>
<tr>
<td>A11 Dialogue w/ major export industries</td>
<td>A23 Organizational restructuring prep.</td>
</tr>
<tr>
<td>A12 Inter-ministerial meeting</td>
<td>A24 Evaluation system establishment</td>
</tr>
<tr>
<td><strong>Product Development Service</strong></td>
<td>A25 ISO9000-base management system</td>
</tr>
<tr>
<td>A13 Design/brand development capacity</td>
<td>A26 HR management system</td>
</tr>
<tr>
<td></td>
<td>A27 Renewal of visual identity</td>
</tr>
</tbody>
</table>

3-i-c. Project on Service Improvement of NAFED (2010-2015, Indonesia)

- **Outputs** (*NAFED renamed as DGNED*)
  1. NAFED organization reform is expedited
  2. Market Information Service of NAFED intended for export SMEs is improved
  3. Export Promotion Service of NAFED intended for export SMEs is improved
  4. Product Development Service (Brand/Design Promotion) of NAFED intended for export SMEs is improved
  5. Networking and alliance function among NAFED and domestic export promoting organizations are strengthened
3-ii. Trade/export training (Indonesia)

- JICA’s Technical Cooperation with IETC (Indonesia Export Training Center)
  - Phase 1 Project (1988 – 1993)
    Export training; business Japanese language; inspection and quality control; exhibition training
  - Phase 2 Project (1997 – 2001)
    Human Resource Development in Trade Sectors Project
    Formulate and device training program
  - Continued cooperation
    as a host of various JICA training courses

Export Training

- Face to Face Training
- Distance Learning

Source: JICA (2006)
3-iii&iv. WTO, FTA/EPA (Indonesia)

a. **Study on Capacity Building for Implementation of the WTO Agreements (2002-2004)**
   - Dispatch Consultants for multiple ministries
   - Components: Anti Dumping (AD), Trade in Services (GATS), IPR (TRIPS), Technical Barriers (TBT) etc.
   - WTO related Pilot Information System Development
   - Series of Workshops
   - Follow up Trainings in Japan and Indonesia

b. **Training on WTO Capacity Building in Japan**

c. **EPA socialization seminars**

d. **Project for the Strengthening of the Utilization of Indonesia-Japan EPA (IJEPA)**
   - Analyzing skill for EPA’s economic impact
   - Promotion of utilization of IJEPA
   - Management capacity development of IJEPA
3-v. Trade facilitation / trade related systems

a. Study on Trade Related Systems and Procedures (2004-05)
   • Analysis of cargo and document procedures for import/export through time study to map obstacles
   • Master Plan Recommendation and Workshops

b. Project for Improvement of Administration of Trade Related Regulations, Systems and Procedures (PROTRAF) (2006-08)
   • Implementation stage targeting at Tanjung Priok Port
   • Trade rule book (web-based), productivity improvement, HRD etc.

c. Project for Capacity Development for Trade-related Administration (2010-13)
   • Regulations, database, manuals, dialogues on export promotion facilities etc.
3-vi. Other export related assistance

1. Export product competitiveness improvement
   • Various projects on SME development (cluster development, design/packaging, SME management consultant etc.)

2. Export related soft infrastructure
   • Intellectual Property Rights (IPR), standards & conformance, legal metrology, customs, trade statistics etc.

3. Export related hard infrastructure
   • Transport infrastructure (road and port), Special Economic Zone (SEZ) etc.
4. Summary and implications for Ethiopia

- A variety of approach for export promotion are available: not only incentives and facilities
- Policy framework, export promotion organization, exporter competitiveness building, hard/soft infrastructure --- these major pillars should be comprehensively considered
- Inter-ministerial coordination: as several ministries are involved in export promotion
- Export promotion organizations/agencies/directorates: what form is more appropriate and suitable? This should be carefully considered
- Capacity building aimed at actual implementation on the ground
- Market-oriented and demand-driven
- Promote Ethiopia = promote export!
Amesegegenalewe

Thank you

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