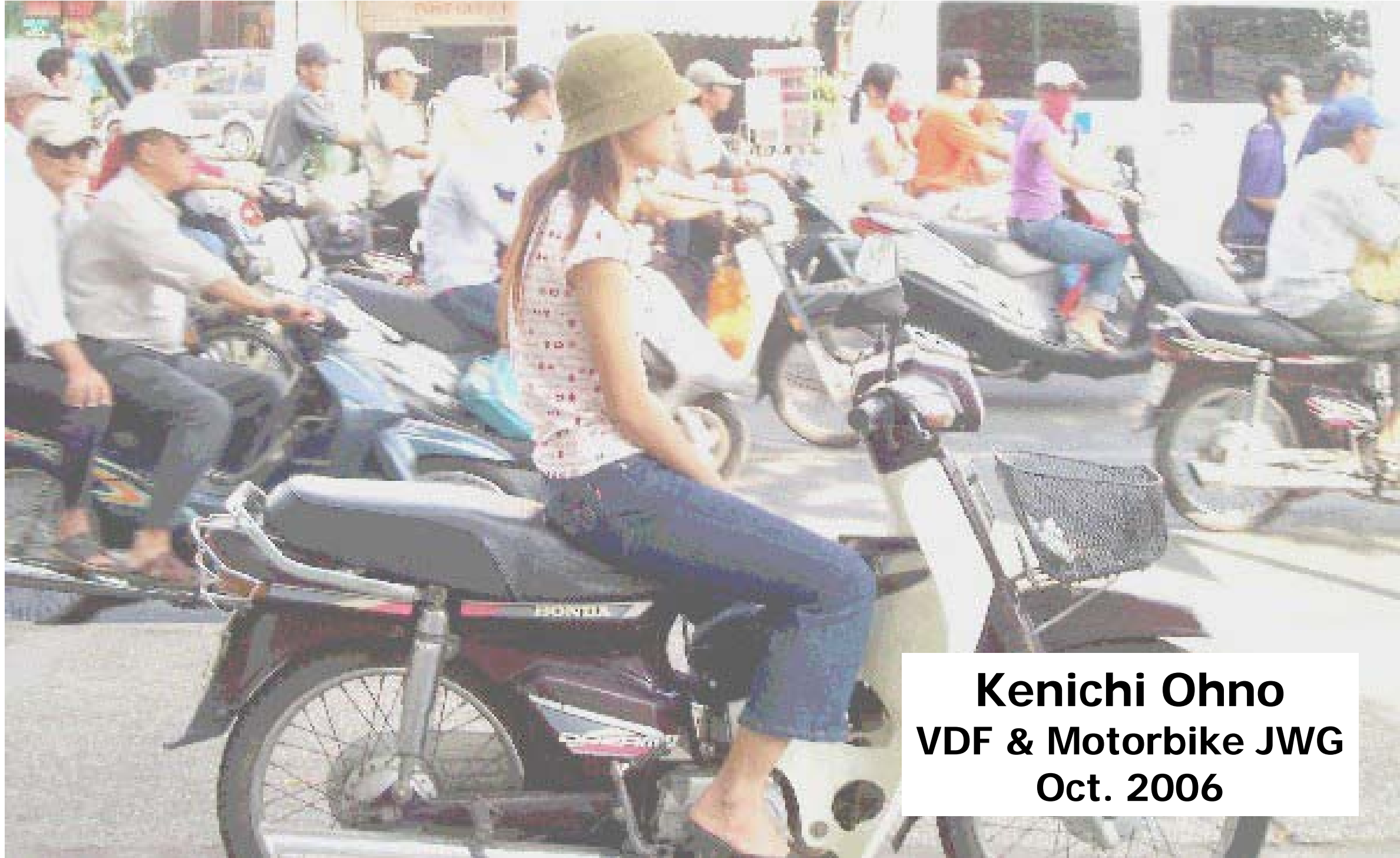


# Drafting the Motorbike Master Plan

## Methodology, Content and Issues



**Kenichi Ohno**  
**VDF & Motorbike JWG**  
**Oct. 2006**



# Topics

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- Background
- New methodology
- Highlights of proposed contents
- Remaining issues



# (1) Background

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- 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

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## **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

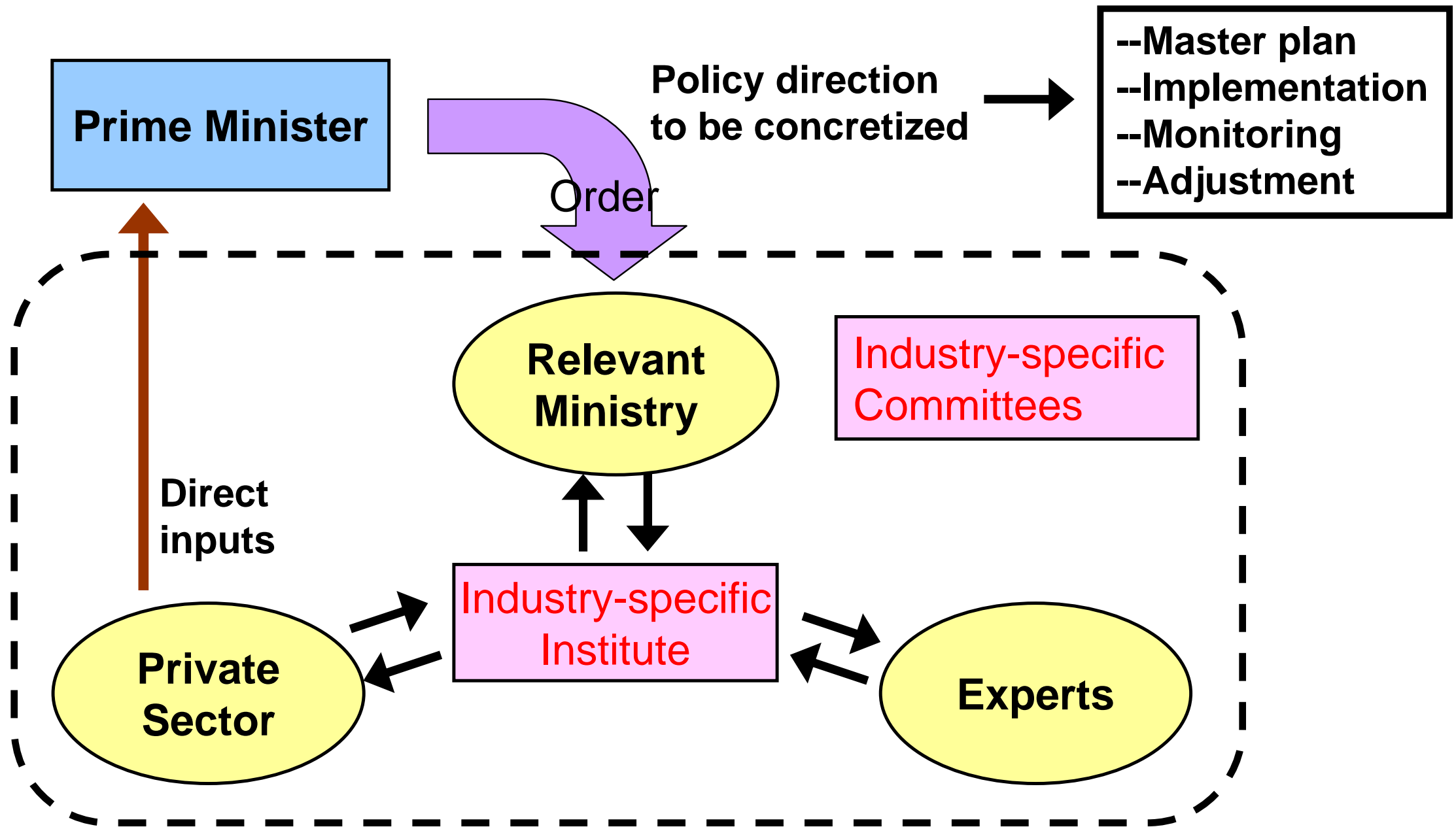
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## **VDF missions to Thailand, Malaysia, Japan**

- 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**

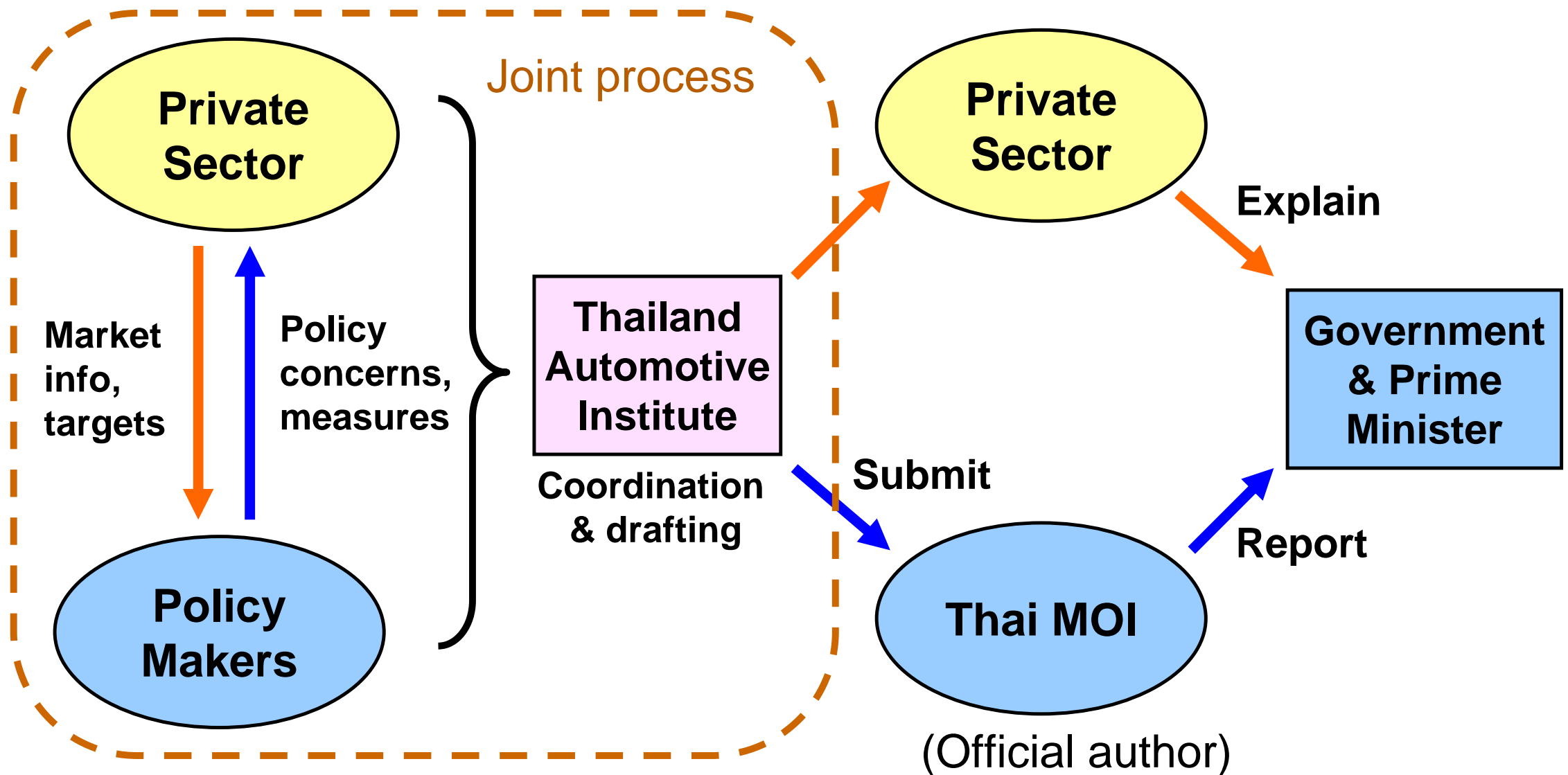
# Thailand (under Thaksin)

Tripartite coordination under industry-specific institutes and committees



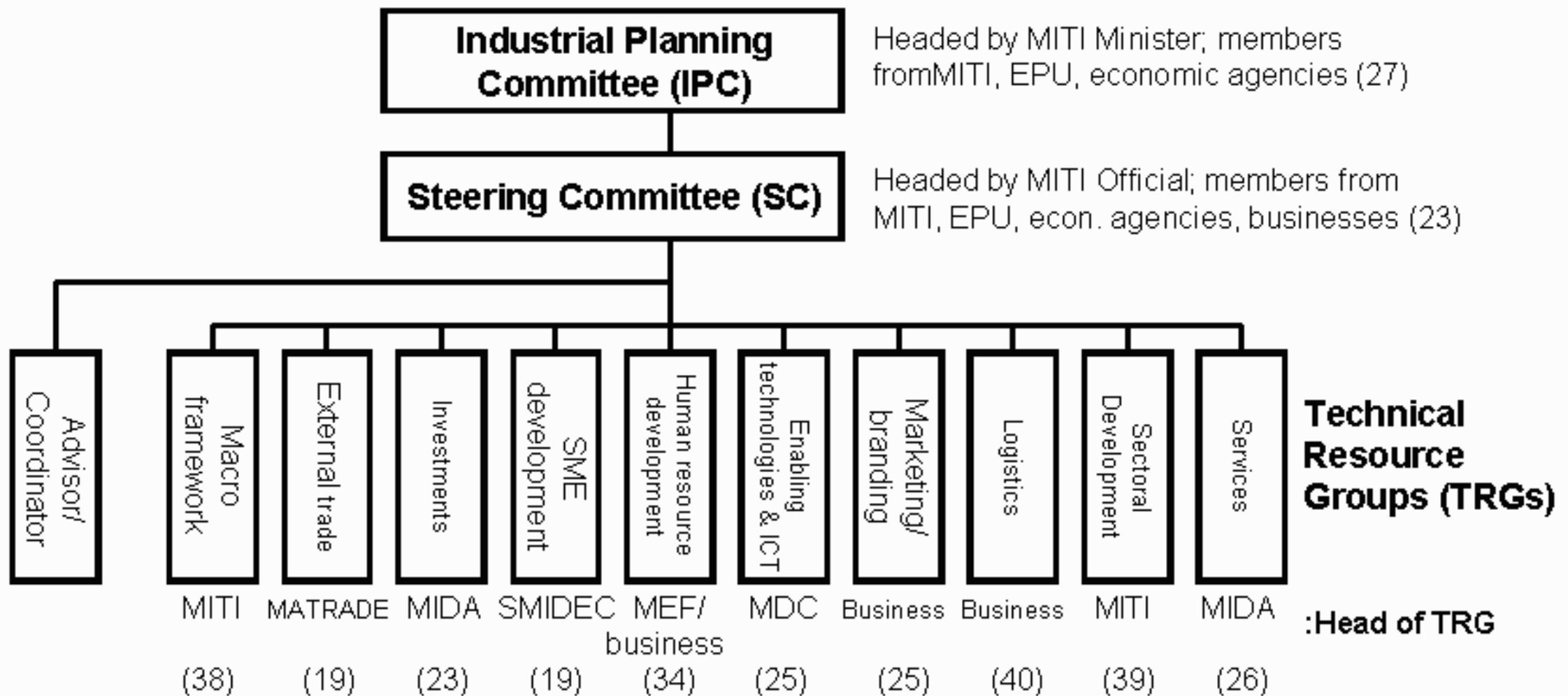
# Thailand: Drafting Automobile Master Plan

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



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

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



Source: MITI website.

Note: Numbers in parentheses indicate the number of members in each committee or group.

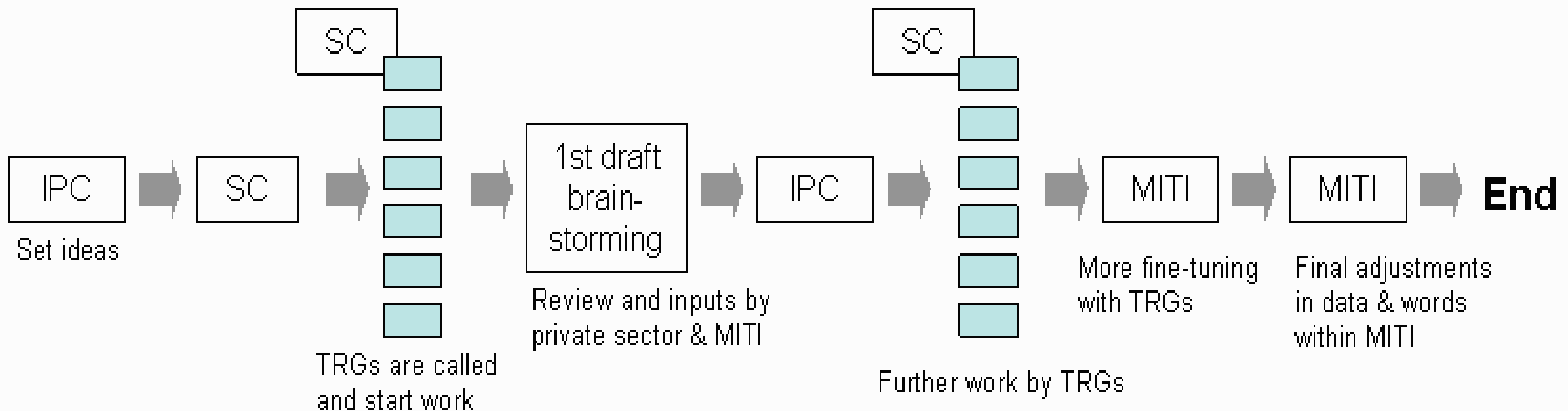


# Malaysia: Drafting Process of IMP3

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

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- 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.



# Joint Working Group

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- 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.

# JWG Work Schedule

<b>2006</b>	
Apr.-May	Preliminary meetings (done)
May-Aug.	Brainstorming sessions to share basic information (done)
Sep.	"Skeleton draft" and assignment of main drafter for each chapter (done)
From Oct.	Drafting chapters
End Nov	"Preliminary draft"
<b>2007</b> Mar.	"Final draft" by JWG

**However, delay may occur since process is new and procedure must be discussed and agreed as we proceed.**



# Supporting Industry Survey and Brainstorming

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- **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

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- 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
- Transparency--progress and documents uploaded in VDF website (sensitive materials excluded) [www.vdf.org.vn/jwg.htm](http://www.vdf.org.vn/jwg.htm)

- Japan's METI Technical Assistance Division is interested in cooperating with Motorbike JWG:
  - Japanese expert dispatches
  - New survey?
  - Before Feb.2007





# Inter-ministerial Coordination

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(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

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## **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

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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

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



# Old Format vs. New Content

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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

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## 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

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- 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?

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- **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

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- 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

- *Industrial Policy Formulation in Thailand, Malaysia and Japan* (Eng & Vn, September 2006).
- *Industrialization of Developing Countries: Analyses of Japanese Economists* (Eng & Jpn, October 2006).
- *Supporting Industries in Vietnam from the Perspective of Japanese Manufacturing Firms* (Eng, Vn & Jpn, June 2006).
- *Improving Industrial Policy Formulation* (Eng & Vn, March 2005).
- *Building Supporting Industries in Vietnam* (Eng & Vn, forthcoming in early 2007).