



Export Promotion in Developing Countries - JICA's Experience -

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

Toru Homma

Senior Advisor on Private Sector Development
Japan International Cooperation Agency (JICA)

Homma.Toru@jica.go.jp

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Japan International Cooperation Agency



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

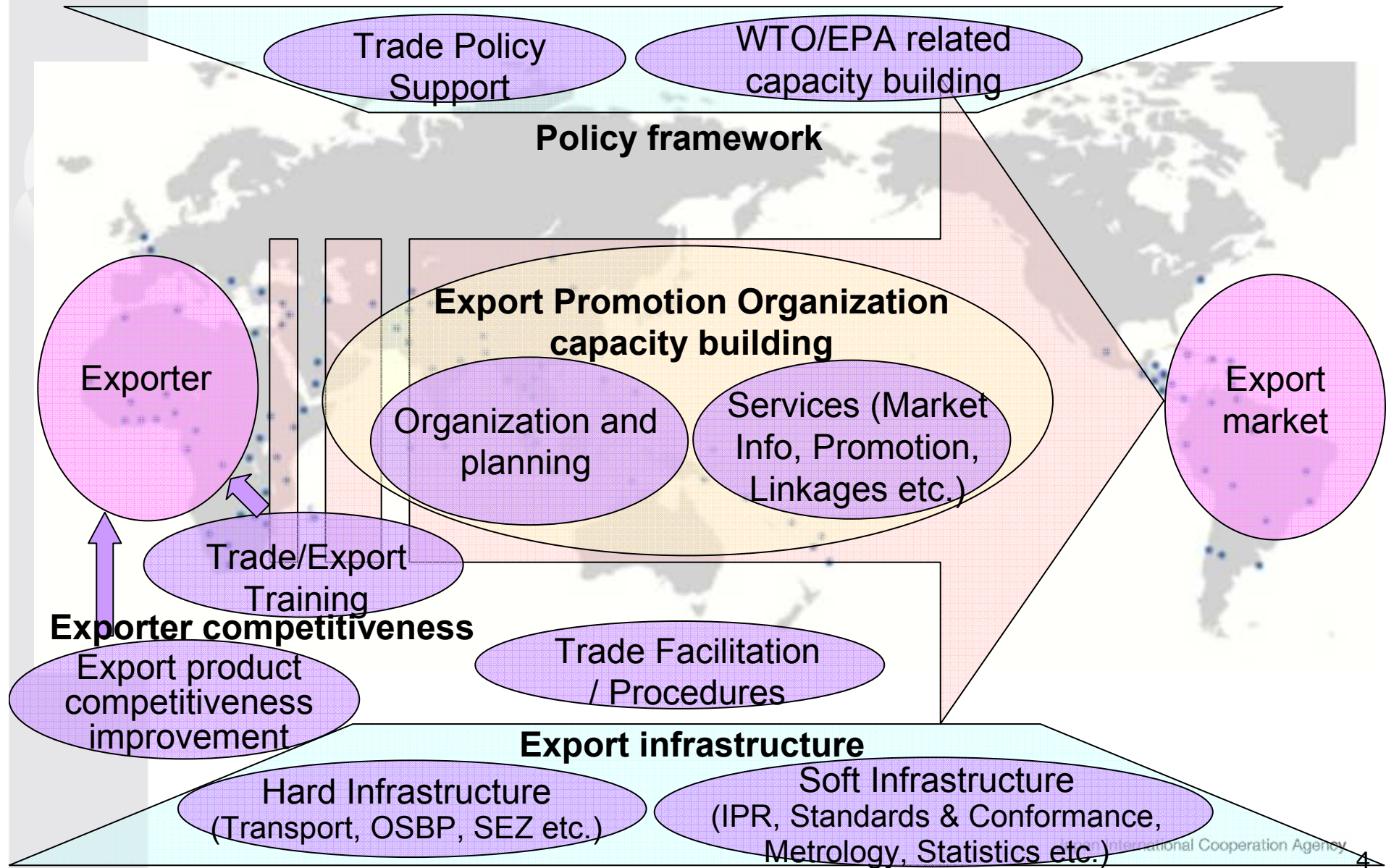
Driving force of private sector led economic growth
- Export promotion - a wide variety of approach

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 -



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)

Sub-item	DEP Thai	MAT RADE	KOTRA	TAITRA	AUS TRADE	IE Singapore	JETRO	NAFED
No. of staff in total	957	479	Over 1,000	731	1,072	450	1,680	375
No. of overseas office (country)	56 (41)	32 (28)	app. 100 (73)	44 (n.a.)	142 (64)	35 (21)	73 (54)	6 (6)
No. of exporters in directory	10,000	13,764	5,346	76,150	over 10,000	app. 12,000	n.a.	1,181
No. of website visitor / year	1.1 mil	0.74 mil	over 2 mil	10.4 mil	n.a.	5 mil	103.3 mil	n.a.
No. of inquiry / year	n.a.	13,784 (overseas) 7,551 (HQ)	n.a.	410,000/ n.a.	n.a.	app. 50,000	33,013	4,050
No. of matching made / year	n.a.	7,135	n.a.	5,089	5,098	n.a.	6,733	n.a.
No. of overseas trade fair / year	90	50	n.a.	50	n.a.	100	n.a.	26

Source: JICA (2009) *Final Report: The Strengthening of Export Promotion Organization in the Republic of Indonesia*

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
3. [Free Trade Agreement \(FTA\) / Economic Partnership Agreement \(EPA\)](#)
 - 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

Source: Yamazawa and Hirata ed. (1987) *Hatten Tojokoku no Kogyoka to Yushutsu Shinko Seisaku* (in Japanese: *Industrialization and Export Promotion Policy of Developing Countries*)

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)
- b. Study for Strengthening of Export Promotion Organization (2007-2009)
- 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)



IETC (Indonesia
Export Training
Center) **(Jakarta)**



RETPC North
Sumatra **(Medan)**



RETPC South
Sulawesi **(Makassar)**



RETPC South Kalimantan
(Banjarmasin)

Source: JICA (2006)

Facilities of RETPCs

(basically provided by Indonesian side)



Mini-Display



Auditorium



Class Room



Business Library

Source: JICA (2006)



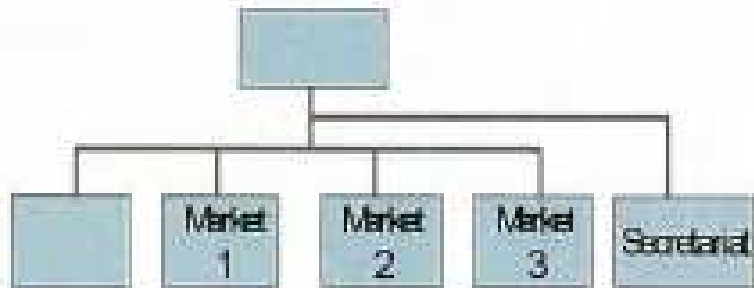
Computer Room

3-i-b. Study for Strengthening of Export Promotion Organization (2007-2009, Indonesia)

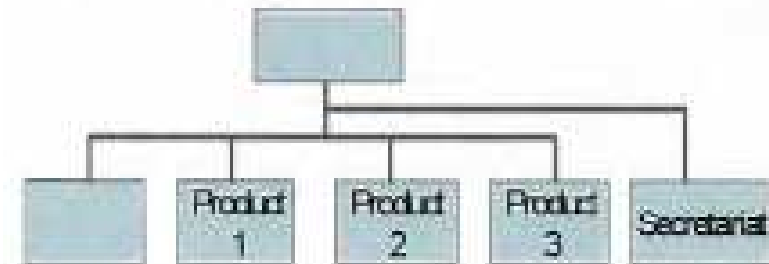
- Analysis
- Comparison of optimum organizational structure (the next slide)
- Action plans (the following slide)
- Pilot projects
- Recommendations

Comparison of optimum organizational structure for export promotion

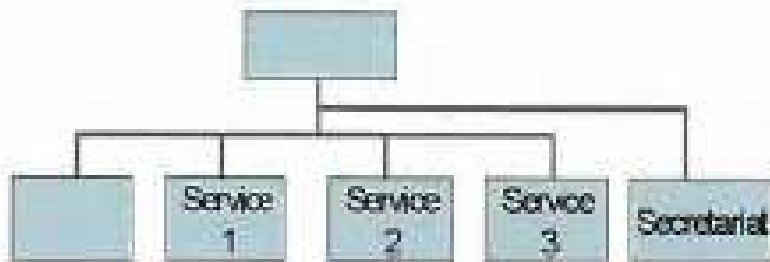
Organization by Market



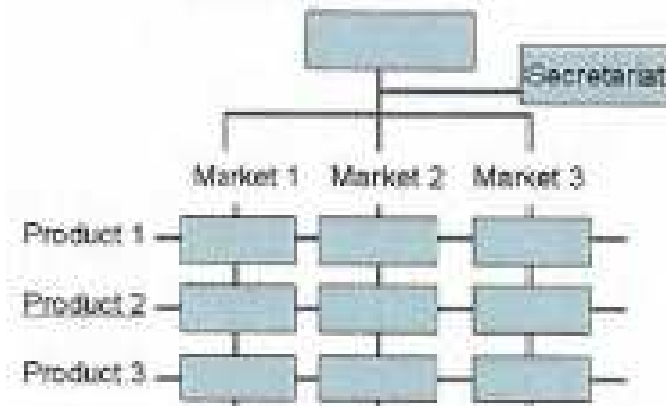
Organization by Product



Organization by Service Function



Matrix organization



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

Source: JICA (2009) *Final Report: The Strengthening of Export Promotion Organization in the Republic of Indonesia*



Proposed action plans for NAFED = Possible menu

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

Source: JICA (2009) *Final Report: The Strengthening of Export Promotion Organization in the Republic of Indonesia*

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
 - Follow Up Project (1994 – 1995)
 - Phase 2 Project (1997 – 2001)

Human Resource Development in Trade Sectors Project
Formulate and device training program
 - RETPCs Project (2002 – 2006)
 - Continued cooperation
as a host of various JICA training courses



Export Training



Distance Learning



Face to Face Training



Training utilizing IT

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!

Amesegenalew

Thank you



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“Inclusive and Dynamic Development”

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