

## The Minutes of the EEA/EEPRI – JICA Seminar on Industrial Strategy

Time and Date: September 3, 2009 14:00-16:00

Venue: Ethiopian Economics Association/Economic Policy Research Institute (EEA/EEPRI), seminar room

Participants: Refer to the list attached

Agenda:

### ***Introductory Speech by Dr. Assefa Admassie***

Dr. Assefa characterized the Ethiopian Industrial sector as stagnant for decades now. Low technological capability, low productivity, structural problems, etc are the characteristics of the industrial sector. He explained that today's presentations by the speakers will help us to know what went wrong and why there is no structural transformation in the industrial sector and cross-cutting issues of the sector. Dr. Assefa asked the GRIPS team and JICA to continue this kind of cooperation with EEA in undertaking research and expert works in the future. Having said this he introduced the speakers of the day to the audience.

### ***First Speaker: Prof. Kenichi Ohno, GRIPS***

Presentation on 'Cross-cutting Issues on Industrialization and Policy Menu under the Age of Globalization: in the Context of Broadening the Policy Scope in Ethiopia'

Purpose of presentation:

- To stimulate policy debate as Ethiopia expands its policy space
- Contribute ideas for drafting the industrial chapter of the next PASDEP
- Identifying concrete issues to be studied in the subsequent policy dialogues

In his presentation, (in the context of Ethiopia) he raised cross-cutting issues of policy framework, past review and future evaluations, time dimension of industrial promotion, import substitution, industrial clusters and corridors and SME promotion. He recommended that the EEA researchers and academics or experts outside the sphere of the government to undertake the past and future studies for objective results and also to build academic-government link.

### ***Second Speaker: Prof. Izumi Ohno, GRIPS***

Presentation on 'Organizational Arrangements for Industrial Policy Formulation and Implementation: Examples from East Asia'

Purpose of presentation:

- Present the organizational arrangements of some selected East Asian countries (Japan, South Korea, Malaysia, and Thailand) and draw perspectives for Ethiopia
- Issues related to policy formulation and execution, mechanisms for executing high priority programs, inter-ministerial coordination and stakeholder involvement in policy formulation and implementation
- And finally their implications for Ethiopia

### ***Third Speaker: Mr. Go Shimada, Director, Industrial Development Department, JICA***

Presentation on 'Brief Introduction to SME Policies of Japan'

Purpose of presentation:

- Introduce policy formulation and implementation process of SMEs in Japan so that Ethiopia can learn from Japan

***Discussions with Participants:***

- The problem we have is the problem of ideology. Is the sequencing of agriculture — industry or first developing agriculture to industrialize appropriate?
- Ethiopia has been exporting traditional exports (i.e. primary products) and recently there is diversification of exports to exporting processed/manufactured products. How is our competitiveness in terms of this?
- IDS is a long-term vision. Charismatic leaders may initiate good policies that may be realized over the longer time. However, elections may change regimes and leaders and as a result the initiated policies/ideas may be discontinued. How do you see this in the context of Ethiopia?
- The process of industrialization takes long span of time. In the mean time there could be change of regimes (or leaders) if elections are held. The experience in Ethiopia has been the case that when one government comes to power, previous policies are totally abandoned instead of continuing the policy with some modification. This may happen in the future too when elections are held. Can you tell us experiences of other countries on this?
- Please tell us experiences of other countries that did both export promotion and import substitution on parallel manner.
- We have a rural economy that is characterized by small holder farmers and labor intensity. Are you sure that ADLI is the right vision?
- How prepared are you to support/influence the government with evidence?
- Are you going to dictate the government in choosing the priority areas or give the government the policy options (menu) to choose by itself under its own setting?
- What is important for us is how institutions evolve and how they are governed.
- How do you evaluate the government's readiness to involve private and independent experts in policy formulation and policy evaluations?
- Import substitution requires massive investments in technology and skill development. Currently the education policy stipulates that 40% of the students to join the social sciences and 60% to join the science and technology. Is this skill development system in line with the IS strategy?

***Response to Questions:***

- Both Prof. Kenichi Ohno and Prof. Izumi Ohno gave response to the above questions and asked the private Ethiopian experts and academics to get involved in past review and future evaluation studies for reliable outputs.

***End of the Seminar:***

- Closing and thank you speech by Dr. Assefa Admassie.