

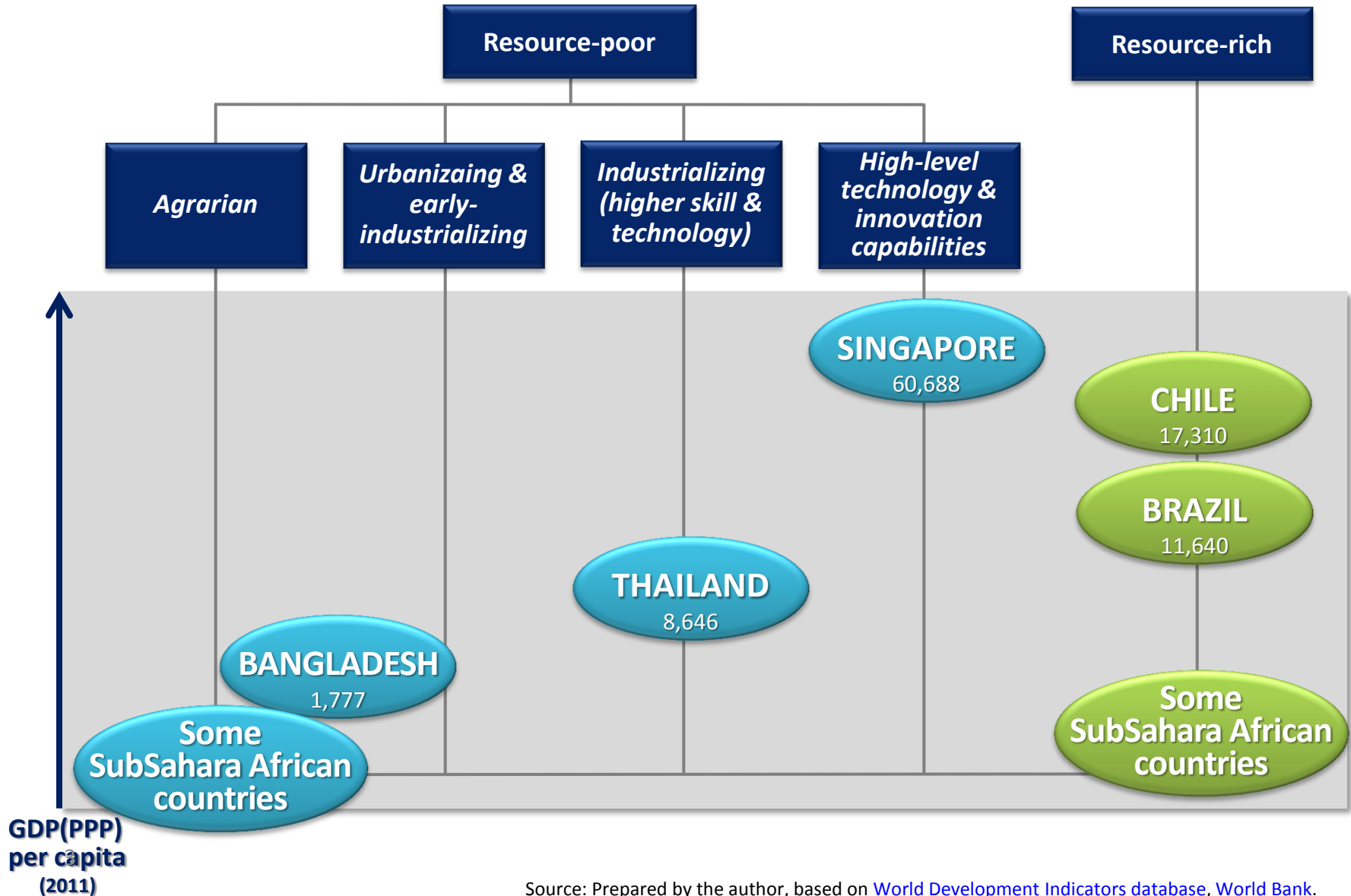
Industrial Strategy and Economic Transformation

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Diverse economic transformation agenda: Endowment and development phases

- Economic transformation agendas are different among countries which address diverse challenges of economic and social development
- Moreover, agendas are different due to diverse endowments and to development phases
- In most of the cases (of outstanding industrial transformation), **the government or public institutions facilitated the process, especially in the area of learning, innovation and infrastructure**

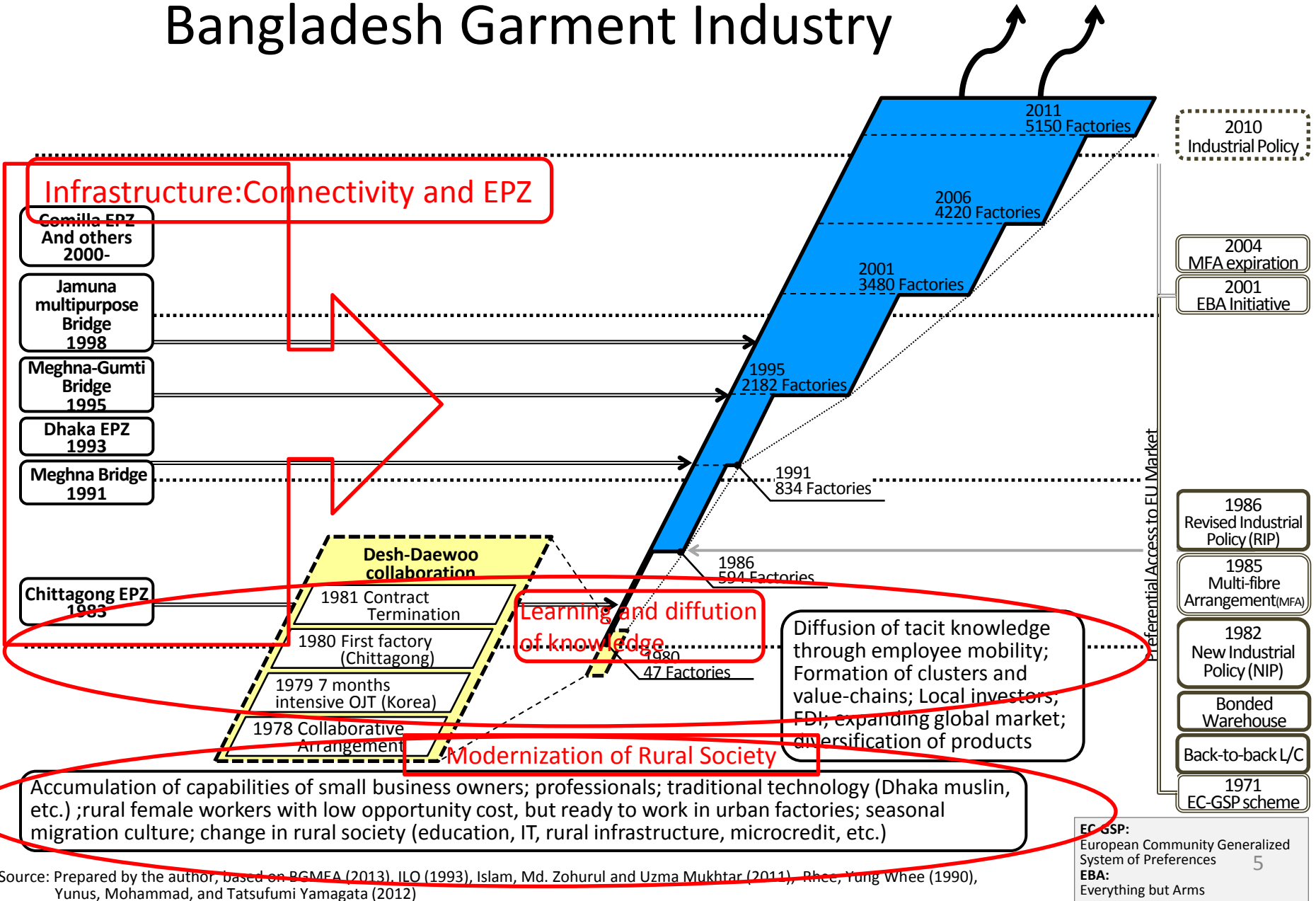
Diverse economic transformation agenda



Bangladesh Garment Industry: From agrarian to early industrializing phase

- Bangladesh garment industry: **Rural development and mobilization of female workers** have been crucial
- Modernization of agriculture based on technology adoption which enabled farmers' shift from low-yield, single crop, deep-water rice to double cropping of short maturity, high-yield rice, as well as the well-known rapid spread of microfinance and construction of rural infrastructure, were among major factors that changed the rural society
- The trigger: the collaborative effort of a **domestic catalyst** (Desh Co.) **that mobilized the necessary local resources and a foreign catalyst** (Daewoo Co.)
- **Connectivity and logistics up-grading by infrastructure**

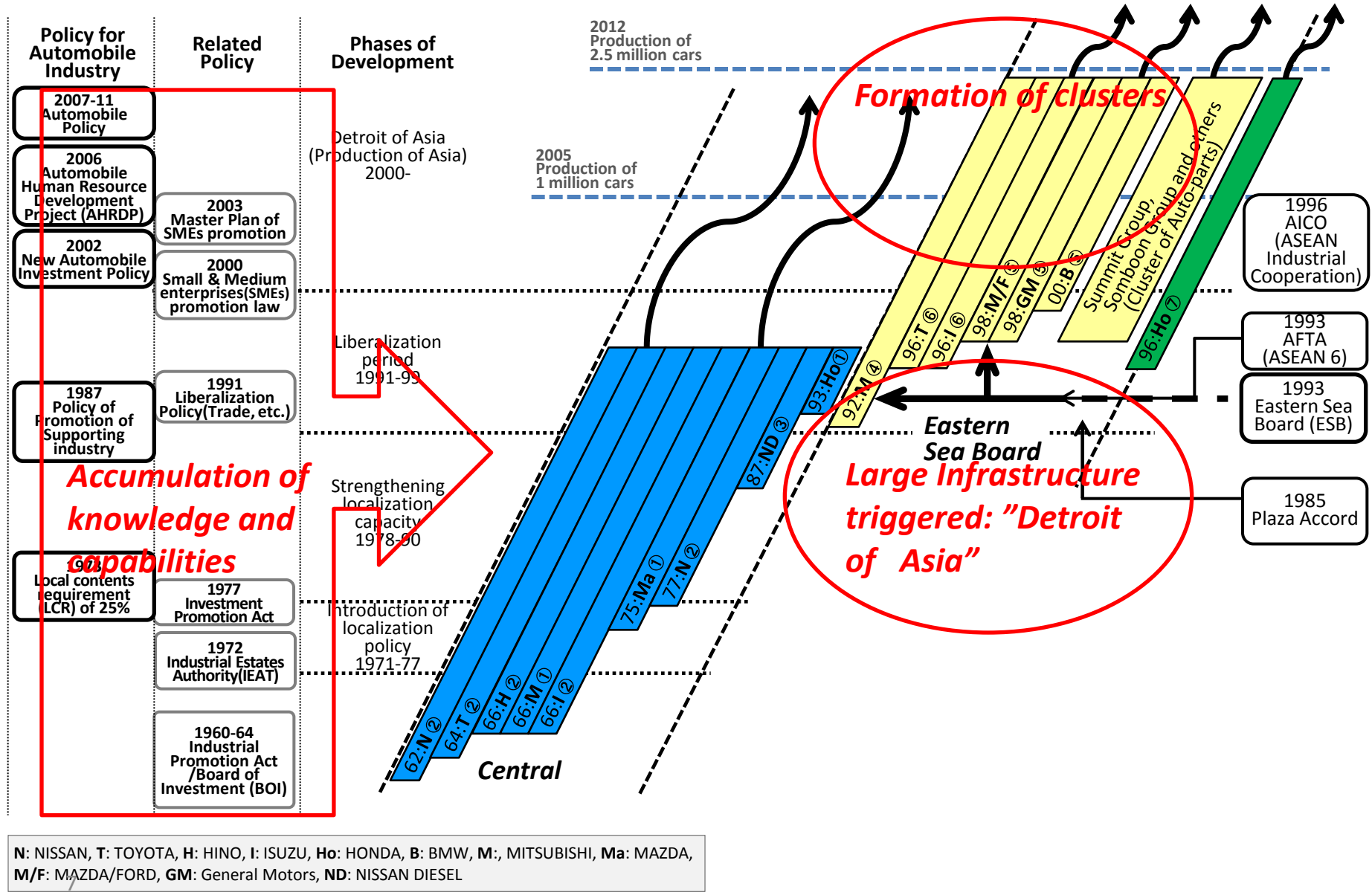
Bangladesh Garment Industry



Thai Automobile Industry: “Detroit of Asia” attained by higher skill, technology, supporting industries and clusters through learning and accumulation of capabilities

- Accumulation of knowledge and capabilities has been essential for establishing competitive “supporting industries”, facilitated by a flexible industrial strategy of the government
- Automakers and parts suppliers enhanced their competitiveness when they were agglomerated as a cluster with articulated value chains
- Rapid expansion of Thailand’s automobile production was **triggered by an infrastructure, Eastern Sea Board**, which significantly changed the endowment of the country

Development of Automobile Industry in Thailand



Source: Prepared by the author, based on Lecler (2002) Table 2.4., Natsuda, Kaoru and John Thoburn (2011)

Findings from the case studies: *the government or public institutions facilitated the process*

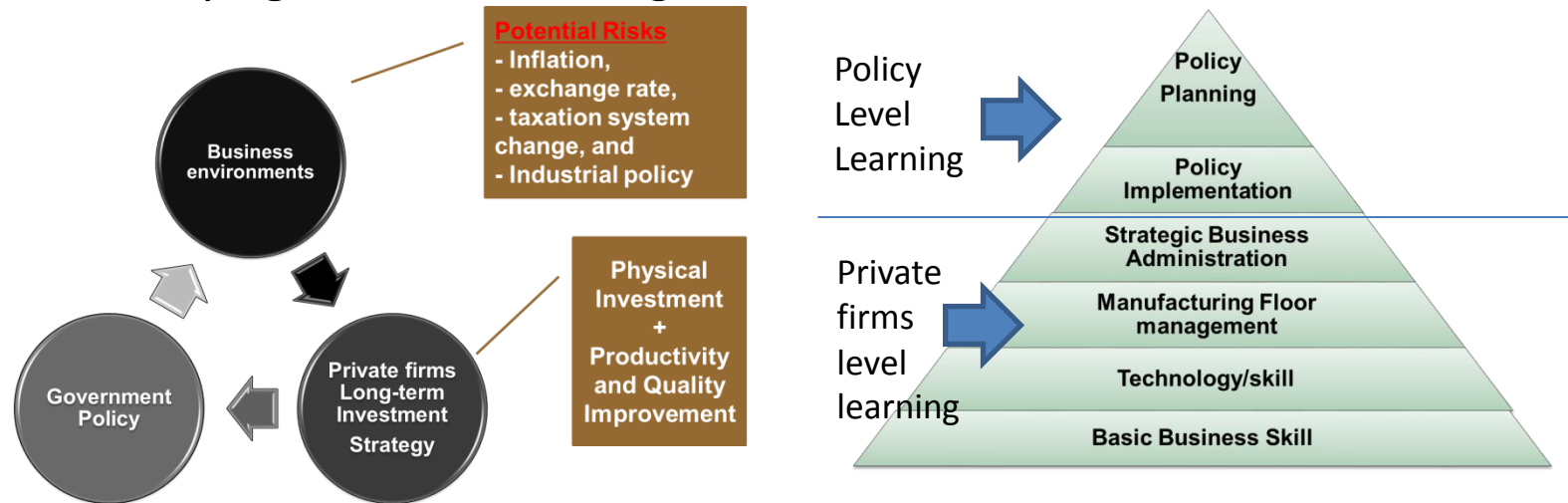
- In all of the cases studied, industrial development and economic transformation could not have happened without **constant development of capabilities and knowledge through learning**
- The **process of learning** and accumulation of knowledge and capabilities is gradual, **incremental and, generally, path-dependent**
- *In most of the cases, the government or public institutions facilitated the process.* (The cases are from Hosono, Akio (2013) and JICA/JBIC (2008))

Findings from the case studies: *Effective institutions accomplished the role of facilitator or catalyzer of transformation*

- These institutions were established for specific purposes and embodied **long-term vision and sense of mission**.
- Most of them regarded **public-private interaction, consultation or coordination** to be of the highest priority
- Most of them adapted **flexibly to changes in the global market** and phases of industrial development
- These features have been demonstrated in the cases of Thai automobile industry, Brazil's Cerrado agriculture (Brazilian Agricultural Research Cooperation, EMBRAPA), Bangladesh's garment industry, Chile's salmon industry (*Fundacion Chile*), and Singapore's Economic Development Board, and Standard, Productivity and Innovation Board.

Findings from a case study on Ethiopia (Go Shimada (2013)*): *Policy and managerial capability learning*

1. Learning on managerial knowledge improved significantly performance of private firms
2. Policy learning expanded the policy scope of the government to help private sector development
3. These two aspects are inseparable and this **comprehensive approach** would enable African countries to sustain their economic growth, diversifying and transforming their economies



*Go Shimada (2013), "The economic implications of comprehensive approach to learning on industrial development (policy and managerial capability learning): A case of Ethiopia"