



Industrial Policies in the 21st Century

A Dialogue between Latin America and the World

An International Conference celebrating BNDES 60th Anniversary

Organizers:

Brazilian Ministry of Development, Industry and Foreign Trade (MDIC)

Brazilian Development Bank (BNDES)

Brazilian Industrial Development Agency (ABDI)

Economic Commission for Latin America and the Caribbean (ECLAC)

United Nations Industrial Development Organization (UNIDO)

May 10-11, 2012

BNDES' headquarters, Rio de Janeiro, Brazil

Av. Chile, 330, 9th floor

The issues

Policy makers around the world prioritize more and better jobs for their citizens. Nevertheless, national development challenges, policy priorities and implementation institutions are time and place specific. The second decade of the 21st century will likely be marked by:

- Countries moving forward at different speeds or stalling;
- Fierce competition in every market;
- Increasing expenditures in science, technology and innovation as well as accelerating technical change;
- Multipolarity in international relations;
- State activism

A country's development results from technological change and increased knowledge on economic activities which both induce and sustain productivity gains. How is such a machine for growth put into motion? Do Schumpeterian entrepreneurs and the market suffice? Gerschenkron (1962) has shown that there are rare cases of countries managing to successfully overcome economic

backwardness in the absence of an active State. Peter Evans (2008) is even sharper: *“history and development theory support the proposition: ‘no developmental state, no development’”*.

In the context of the international financial crisis —which may even be a cognitive crisis—, policy makers, academics and opinion-makers are becoming more receptive to policies that, until very recently, were ostracized.

It is high time to begin delineating what should constitute the basis for the industrial policies of the future. Macroeconomic, competition, trade and technological conditions have changed significantly, and these have to be taken into account when designing new industrial instruments. However, what types of industrial policies will prevail? Which goals will they be aimed at? The level of development in economic activities strongly influences the scope and goals of an industrial policy. Yet, is it not legitimate to also aim at discrete, radical changes? Was this not the path taken by many successful countries? How can these issues be addressed by countries at different stages of development? In the context of increasing societal pressures for greater transparency of State intervention and great concern over fiscal responsibility, how can industrial policies embody effectiveness and efficiency? Does the level of policy-making capabilities, at one given moment in time, not define the potential scope of an effective industrial policy? How can concerns for fiscal responsibility be squared with a State support for industry that is effective?

The objectives

The main objective of the seminar is to foster a policy dialogue between researchers, representatives of international organizations and business leaders with government officials from Latin America and the world.

The aim is to identify common threads in challenges, priorities, implementation devices and institutions for the effective deployment of industrial policies in the years to come. The discussion on challenges must include the consideration of opportunities and threats. The debate on priorities should address policy objectives, scope and scale. The analysis of policy implementation should include the configuration of State organizations, the availability of policy instruments, the mechanisms to avoid “capture” and foster public-private interactions, as well as instruments for policy monitoring and evaluation.

We hope this conference will identify some “founding principles” for the design and implementation for contemporary industrial policies.

The organization, the participants and the dynamics

The Conference will be organized in four round-tables:

- Industrial policy and macroeconomic policy
- Industrial policy and innovation;
- Industrial policy and corporate strategies
- Industrial policy and structural change

A Panel on “Common Threads for Contemporary Industrial Policies” and a Concluding Session will follow.

Round Tables will comprise invited speakers, government officials from at least 20 nations, and representatives of organizing institutions. Select observers will be allowed to follow the discussions.

Each round-table will last 2 hours. **Moderators** will be leaders from organizing institutions who will provide a short statement on the relevance of the subject. There will be a 20-30 minute intervention by one or two **Invited Panelists** followed by a 10-minute comment by some **Invited Discussants**. The moderators will invite at least three **country officials** to make 5-minute statements and comments; afterwards, they will open the floor for further discussion. The panelist and the discussant will have the floor at the end of the session, followed by a summing up by the moderator.

The final panel will be chaired by either the Minister of Development, Industry and Foreign Trade, or the President of the BNDES, and will bring together invited panelists and moderators. The objective is to identify the common threads and outstanding differences among participants on “founding principles” for effective, contemporary industrial policies.

The outcomes

- 1- Proceedings (Summary of the Conference and presentations)
- 2- Published document. Ex-post organizing institutions, panelists and discussants will assess whether the compiled and edited material can be submitted for publication and in what form.
- 3- Policy statement: consensus arrived at during last panel will be compiled and edited by the organizing institutions and circulated among participants.
- 4- A network of policy makers and specialists, to be fostered by ECLAC and UNIDO, aimed at exchanging policy experiences.



Program

Thursday, May 10

09:00 – 09:30 **Registration**

09:45 – 10:30 **Opening**

Fernando Pimentel – Brazilian Minister of Development, Industry and Foreign Trade (MDIC)

Mauro Borges – President, Brazilian Industrial Development Agency (ABDI)

Luciano Coutinho, President, Brazilian Development Bank (BNDES)

Mario Cimoli, Director, Economic Commission for Latin America and the Caribbean (ECLAC)

K. Yumkella, General Director, United Nations Industrial Development Organization (by video), represented by Mr. Gustavo Aishemberg Giovannini, UNIDO.

10:30 – 12:30

Round Table 1

Industrial Policy and Macroeconomic Policy

What is the role of industrial policy in the current economic context growth in high-income countries vs. rapid growth in middle and low-income countries)? Are there macroeconomic constraints on an industrial policy? How can an industrial policy sustain a sound and stable macroeconomic policy? What are the guidelines for a macroeconomic policy that induces structural change, competences, innovation and diversification in developing countries?

Moderator: Mario Cimoli, Director, ECLAC

Panelists: Jaime Ros, Universidad Nacional Autónoma de México, UNAM (by videoconference)

Discussant: Representative, Ministry of Finance, Brazil

Country Officials: Juan Mauricio Ramírez, Planeación Nacional, Colombia.

Joe Tackie, Ministry of Trade and Industry, Ghana.

12:30 – 2:00 pm

Lunch: Invitation from the Midia Partner - Brazil Econômico

Mídia Partner:





2:00 – 4:00 pm

Round Table 2
Industrial Policy and Innovation

How should an industrial policy deal with the challenges imposed by rapid technical progress as well as an increasing number of internationally relevant research institutions and corporations from developing countries? Are there trade-offs between fostering technological change and job creation? How are they dealt with? As technical progress is pervasive among sectors and blurs the frontiers among economic activities, should an industrial policy remain within the confines of manufacturing? Should an industrial policy be merely an innovation policy? Can developing countries still enter into the production of knowledge, goods and services of established paradigms such as microelectronics and genetic-based biotechnologies? Is it possible to discern windows of opportunities in emerging paradigms such as low carbon? How to deal with interactions between manufacturing and its geographic location (national, subnational, local)? How to foster technologies, goods and services that simultaneously contribute to firm competitiveness and social-economic sustainability?

Moderator: Mauro Borges, President, ABDI

Panelists: Phillipe Aghion Harvard University (videoconference) and
Carl Dahlman, Georgetown University

Discussant: Chris Allen, Head of the Industrial Policy Team, EU and
Country Officials: Sanghoon AHN, Director and Vice-President Dept.
of Industry and Competition Policy, KDI, South Korea;
Stanslaus Mongoma, Director, MIIT, Zimbabwe;
Khemadhat Sukondhasingha, Federation of Thai Industries.
President of Sikor Co, Thailand.

4:00 – 4:15 pm

Coffee Break

Mídia Partner:





4:15 – 6:15 pm

Round Table 3
Industrial Policy and Corporate Strategies

In an increasingly diverse world, is the widely debated trade-off between large and small firms as policy targets still relevant? Can the size of corporations be dealt with in an industrial policy without reference to specific sectors and competitive practices? One of the most relevant criticisms made regarding industrial policies is the private sector potential capacity to “capture” the State. Dangers involved are so great that those concerned about the issue find it substantive enough to disparage any and all attempts at promoting Industrial policies. Nevertheless, the very notion that an industrial policy can be established without consultation is very undemocratic. The belief that the business sector will not try to defend and lobby for their interests is simply naive. How can such a relevant dilemmas be dealt with? Can an industrial policy be designed and implemented in such a way as to induce firms to develop competences associated with socio-economic sustainability? How can an industrial policy be a mechanism for effectively inducing the private sector to assume corporate responsibility” roles: create positive externalities and engage in mitigating negative ones?

Moderator: João Carlos Ferraz, BNDES, Vice-President

Panelists: Ron Bloom: Consultant, former Economic Advisor to the Obama Administration and

Arun Maira, Planning Commission, Ministerial Level Position, India.

Discussant: Pedro Passos, CEO Natura, Brazil

Country Officials: Giovanni Berti, Agencia de Promoción de Exportaciones e Inverciones de El Salvador, PROESA;

Mahamood Cheroo, Secretary-General, Mauritius Chamber of Commerce & Industry, Republic of Mauritius

Dinner:

Invitation from the Mídia Partner: Brazil Econômico

Mídia Partner:



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Friday, May 11

10:00 – 12:00

Round Table 4
Industrial Policy and Structural Change

As previously stated, the development of a country is related to economic transformation deriving from technological change and increased knowledge content of economic activities. It is also true that the level of development of existing economic activities defines the goals and scope for an industrial policy. However, is it not legitimate to also aim at radical transformation? Can structural change, that is the evolution of economic activities towards higher competences, be effectively promoted? How should an industrial policy deal with the challenges of infant industry and learning in increasingly open societies? Is it still relevant to insist on the differences between vertical and horizontal policies?

Moderator: Ludovico Alcorta, Director, UNIDO

Panelist: Justin Lin, Senior Vice President, World Bank

Discussants: Benita Ferrero-Waldner, former Minister of Foreign Affairs of Austria and EU Commissioner for External Relations, EULAC, And Richard Kozul Wright, UNCTAD

Country Officials: Lino Barañao, Minister of Science, Technology and Innovative Production, Argentina

Raymond Atje, Advisor, Former CSIS, Tailândia

And Garth Strachan, Chief Director in the Industrial Policy and Industrial Development Division at the DTI, South Africa.

12:00 – 2:00pm

Lunch

2:00 – 4:00pm

Common Threads for Contemporary Industrial Policies

What are the national experiences in industrial policy that have successfully fostered structural change? To what extent can these practices inspire others and how? How should industrial policy deal with macroeconomic constraints, international trade and intellectual property regimes? What are the challenges facing policy formulation, implementation and evaluation?

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Moderator: Alessandro Teixeira, Vice Minister, MDIC, Brazil
Luciano Coutinho, President, BNDES
Carlos Alvares, Deputy Director, OCDE
Summing up by Ha-Joon Chang, Cambridge University
Discussants: Panelists

4:00 – 4:30pm

Closing Ceremony

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