WORKING PAPER SERIES

KDI 국제정책대학원

KDI School of Public Policy and Management

KDI SCHOOL WORKING PAPER SERIES

Economic Reform and Export-Oriented Industrialization: An Applicable Model for LDCs?

Changyong Choi
KDI School of Public Policy and Management

Balazs Szalontai
Korea University

September, 2016
Working Paper 16-07

KDI 국제정책대학원
KDI School of Public Policy and Management

This paper can be downloaded without charge at:
KDI School of Public Policy and Management Working Paper Series Index:
http://www.kdischool.ac.kr/new/eng/faculty/working.jsp
The Social Science Network Electronic Paper Collection:
http://ssrn.com/abstract=2833150

* We are grateful to the KDI School of Public Policy and Management for providing financial support.

Economic Reform and Export-Oriented Industrialization: An Applicable Model for LDCs?

Changyong Choi and Balazs Szalontai

This article examines the domestic and external factors that facilitated the implementation of economic reforms and export-oriented industrialization (EOI) in Vietnam, and seeks to investigate why the comparable policies of nine selected African countries (Angola, Benin, Congo-Brazzaville, Ethiopia, Guinea, Guinea-Bissau, Mozambique, Tanzania, and Zambia) proved relatively less successful. It raises the question of whether the latter countries could have achieved better results in the field of export performance and export diversification by following the example of Vietnam, but it does not intend to present the Vietnamese case in an excessively normative way. Instead of summarily juxtaposing the positive aspects of Vietnam's economic development to the negative aspects of African economic policies, it seeks to draw a more nuanced picture in which the deficiencies of the Vietnamese model and the achievements of the African counties are also duly acknowledged. Similarly, the article devotes equal attention to structural and policy factors. It argues that the post-1986 policies of the Vietnamese authorities did make a major contribution to the country's impressive economic performance, but it also emphasizes the role of such structural factors as a country's external economic environment and the historical and social background of local entrepreneurship.

Since the 1980s, the International Monetary Fund (IMF), the World Bank, and other international financial institutions (IFIs) commonly regarded EOI as a model suitable to overcome trade and budgetary deficits, growing indebtedness, low or erratic economic growth, and serious socio-economic inequalities. Having concluded that many of the latter problems resulted from the earlier implementation of import-substitution industrialization (ISI), the IFIs proposed stabilization programs that called for market liberalization, the reduction of import controls, and the introduction of export-stimulating measures. A famous World Bank research report, titled *The East Asian Miracle*, highlighted the role that the growth of manufactured exports played in the successful modernization of eight East and Southeast Asian economies (Japan, South Korea, Taiwan, Hong Kong, Singapore, Thailand, Malaysia, and Indonesia). The report concluded that for other developing economies, it was both feasible and advisable to emulate the practices of these

countries: "a successful export push, whether it results from an open economy and strong economic fundamentals, or from a combination of strong fundamentals and prudently chosen interventions, offers high economic gains. Of all the interventions we surveyed, those to promote exports were the most readily compatible with a wide diversity of economic circumstances."[1]

The report also expressed the view that "the experience of the Southeast Asian economies [Thailand, Malaysia, and Indonesia], whose initial conditions parallel those of many developing economies today, may prove to have more relevance outside the region than that of Northeast Asia."[2] This observation is well in accordance with the opinion of those scholars who regarded South Korea, Taiwan, and Singapore as somewhat unique cases whose experiences were not necessarily applicable to other countries. The pre-take off peculiarities of these economies (their significant industrial and infrastructural capacity, the relatively high percentage of manufactured products in their exports, their high rates of literacy, and the strength of their state bureaucracy), which were deeply rooted in their colonial past, set them apart from most other developing countries.[3]

Other authors specifically focused on the economic experiences of Southeast Asia to explain why the industrial development of the various African countries proved less successful than intended.[4] For instance, William G. Clarence-Smith compared the evolution of Southeast Asian (including Vietnamese) and African textile production, from the 16th century to the 1950s. He concluded that the initial socio-economic conditions in the two regions were sufficiently similar to render such a comparison feasible, but the differences between the relative power of the various social actors (colonial authorities, European settlers, non-European expatriate entrepreneurs, and

---

[1] World Bank, *The East Asian Miracle: Economic Growth and Public Policy* (Washington, D.C.: Oxford University Press for the World Bank, 1993), p. 367.
[2] Ibid., p. 7.
[3] See, among others, Walden Bello and Stephanie Rosenfeld, *Dragons in Distress: Asia's Miracle Economies in Crisis* (San Francisco: Institute for Food and Development Policy, 1990), pp. 3-8; Carter Eckert, *Offspring of Empire: The Koch'ang Kims and the Colonial Origins of Korean Capitalism, 1876-1945* (Seattle: University of Washington Press, 1991); Atul Kohli, "Where Do High Growth Political Economies Come From? The Japanese Lineage of Korea's 'Developmental State'," *World Development*, Vol. 22, No. 9 (1994), pp. 1269-1290; Dennis L. McNamara, *The Colonial Origins of Korean Enterprise, 1910-1945* (Cambridge: Cambridge University Press, 1990); Tibor Scitovsky, "Economic Development in Taiwan and South Korea: 1965-1981," *Food Research Institute Studies*, Vol. 19, No. 3 (1985), pp. 215-264; and Jung-en Woo, *Race to the Swift: State and Finance in Korean Industrialization* (New York: Columbia University Press, 1991).
[4] David Henley, "Chalk and cheese? Africa and the lessons of Asian development." Paper prepared for the Fifth International Convention of Asia Scholars (ICAS 5), Kuala Lumpur, 2-5 August 2007 (accessed at http://www.institutions-africa.org/trackingdevelopment_archived/news/552.html); William Gervase Clarence-Smith, "The cotton textile industries of Southeast Asia and 'Bantu' Africa, 1840s to 1950s." Conference paper (London: London School of Economics, Global Economic History Network, 2004). Accessed at http://www.lse.ac.uk/economicHistory/Research/GEHN/Conferences/conference5.aspx .

indigenous artisans) led to divergent outcomes.[5]

Following this approach, this article selected yet another Southeast Asian country, Vietnam, as a potential model for African economies. Since the post-1986 development of the Vietnamese economy has also been based on market-oriented reforms and export-oriented industrialization, its experiences seem to be compatible with the observations made in the aforesaid World Bank report, and the rapid pace of its economic recovery deserves attention. The following data provide a brief insight into Vietnam's post-1986 economic transformation:[6]

Table 1 Vietnam's Post-1986 Economic Transformation

Indicator	1986	1991	1996
Economic growth (%)	3.4	6.0	9.5
CPI (%)	775	67	6
Food grain production (kg of paddy/person)	301	323	385
Fiscal deficit (% of GDP)	-6.2	-3.7	-0.5
FDI ($million)	0	220	2.300
Exports ($million)	494	2.042	6.800
Imports ($million)	1.121	2.105	10.200

Furthermore, the economic, social, and demographic indicators of pre-reform Vietnam had much in common with the Least Developed Countries (LDCs). In contrast with colonial Korea, Taiwan, and Singapore, the colonial Vietnamese economy lacked special advantages in terms of industrial capacity. In 1931-1938, 27% of French investments in Vietnam were concentrated in the agricultural sector, which considerably exceeded the share of manufacturing (16.4%) and mining (9.2%). Industrial investments were concentrated in food processing, sugar refining, and the production of beverages, textiles, clothing, and footwear.[7] The upper and middle classes of colonial Vietnamese society did not include a stratum of industrialists; instead, they were composed mostly

[5] Clarence-Smith, "The cotton textile industries of Southeast Asia and 'Bantu' Africa," pp. 36-37.

[6] Raymond Mallon, "*Doi Moi* and Economic Development in Vietnam: A Rapid Overview of a Decade of Reform," in Dean Forbes, Terence H. Hull, David G. Marr, and Brian Brogan (eds.), Doi Moi. *Vietnam's Renovation: Policy and Performance* (Canberra: Department of Political and Social Change, Research School of Pacific Studies, Australian National University, 1991), pp. 10-11.

[7] Martin J. Murray, *The Development of Capitalism in Colonial Indochina (1870-1940)* (Berkeley, Los Angeles, and London: University of California Press, 1980), pp. 130-131.

of merchants, landowners, and professionals.[8] Despite the growth of mineral exports, agricultural goods (mainly rice) constituted over 90 percent of the value of exports from Indochina.[9]

In terms of export structure and industrial profile, the Vietnamese economy of the 1980s still had much in common with the late colonial era, though the share of agricultural exports decreased and industrial production became more diversified. At the start of the reform process (known as *doi moi*, "renovation"), Vietnam was a largely rural country whose exports were composed mainly of agricultural products, mineral products, and other natural resources. In the late 1980s, its per capita GDP stood at $401.9.[10] 70.8% of the economically active population was employed in agriculture, forestry, and fishing, and only 11.2% and 2.7% in manufacturing and construction, respectively. Industrial production was dominated by such products as raw sugar (375.500 metric tons in 1989), textile yarn (56.400 metric tons), textile fabrics (336.4 million meters), chemical fertilizers (371.900 metric tons), steel (84.500 metric tons), bicycles (114.900), bricks (3,518.700), and cement (2,087.500 metric tons). In 1989, agricultural products (such as rice), marine products, and mineral products (crude oil and coal) constituted 39.8%, 9.9%, and 19.2% of Vietnam's total exports, respectively.[11] These patterns were clearly visible in Vietnamese exports to the USSR, Hanoi's largest commercial partner at that time. For instance, the Soviet-Vietnamese trade agreement for 1986 required Vietnam to export vegetables and fruits worth 80 million rubles (24.2% of total exports), 300 metric tons of tin, 25.000 metric tons of natural rubber, 10.000 metric tons of soybeans, 10.000 metric tons of groundnuts, and 6 million pairs of sneakers.[12]

Another remarkable feature of the Vietnamese economy was that the take-off process took place in the context of a comprehensive deregulation program (1986-1990). Among others, the government monopoly on rice trade and other restrictions on private commerce were abolished; price controls were replaced by market pricing for all consumer goods; farming households were authorized to sell their produces at market prices, with the cooperatives' role being confined to the provision of services and the supply of technology; urban private entrepreneurship was encouraged and FDI attracted by a liberal investment law; and subsidies for state-owned enterprises (SOEs)

---

[8] David G. Marr, *Vietnamese Tradition on Trial, 1920–1945* (Berkeley, Los Angeles, and London: University of California Press, 1981), pp. 24-50.

[9] Murray, *The Development of Capitalism in Colonial Indochina*, pp. 329-330.

[10] "World Bank Data. Indicators. GDP per capita (current US$)." Accessed at http://data.worldbank.org/indicator/NY.GDP.PCAP.CD?page=5

[11] "Viet-Nam," in *The Far East and Australasia 1993*. 24th Edition (London: Europa Publications Ltd., 1992), pp. 961-965.

[12] Hungarian Embassy to Vietnam, Report, 24 March 1986, Hungarian National Archives (MNL), XIX-J-1-j Vietnam, 1986, 147. doboz, 162-513, 002614/1986.

were gradually eliminated.[13] Since the IFI-inspired stabilization programs invariably call for market-oriented reforms, Vietnam's successful experiences in this field are of substantial relevance for those LDCs that seek to pursue EOI in the context of IFI-proposed stabilization programs.

Actually, several authors (Damian Mulokozi Gabagambi, Brian Van Arkadie, Do Duc Dinh, Blandina Kilama, Jamal B. Msami, and Jan Kees van Donge) did compare Vietnam's economic reforms and trade liberalization with the analogous policies of Tanzania. As they pointed out, the following features between the two countries provided a sufficient basis for a comparative analysis: similar levels of per capita GDP at the start of the reforms; similar levels of urbanization; near-simultaneity of the reform processes (1980s and 1990s); and extensive state control over the pre-reform economy in both countries. Each of these comparative analyses was a symmetrical but normative one, that is, they paid equal attention to both countries but concentrated on the achievements of the Vietnamese reform process, which they contrasted with the less favorable performance of Tanzania.[14]

To broaden the scope of these analyses, this article compared Vietnam's development not only with Tanzania but also with Angola, Benin, Congo-Brazzaville, Ethiopia, Guinea, Guinea-Bissau, Mozambique, and Zambia. These countries were selected on the grounds that in the 1960s, 1970s, and partly the 1980s, their governments were committed to various models of state socialist economic development, only to abandon these models in favor of market-oriented reforms in the 1980s and 1990s. Angola, Benin, Congo-Brazzaville, Ethiopia, Guinea-Bissau, and Mozambique were officially declared one-party states of a Marxist-Leninist type. The ideology of the Guinean, Tanzanian, and Zambian political system was defined as "African socialism" (to distinguish it from the class-centered approach of Marxism-Leninism), but their economic policies had much in common with that of the M-L states. These common features included economic planning; extensive price controls; the curtailment of domestic private entrepreneurship; the

[13] For an overview, see Le Dang Doanh, "Economic Renovation in Vietnam: Achievements and Prospects," in Doi Moi, pp. 79-93.

[14] Damian Mulokozi Gabagambi, "Post-liberalisation Paradox in Textile Industry: A Comparative Study of Vietnam and Tanzania," *International Journal of Business and Social Science*, Vol. 4 No. 8 (July 2013), pp. 191-201; Brian Van Arkadie and Do Duc Dinh, "Economic Reform in Tanzania and Vietnam: A Comparative Commentary." William Davidson Institute Working Paper No. 706 (Ann Arbor: The William Davidson Institute, University of Michigan, 2004); Blandina Kilama, "The diverging South: Comparing the cashew sectors of Tanzania and Vietnam." African Studies Collection Vol. 48 (Leiden: African Studies Centre, 2013); Jamal B. Msami, "The Textile Industry in Vietnam and Tanzania," in Bernard Berendsen *et al.* (eds.), *Asian Tigers, African Lions: Comparing the Development Performance of Southeast Asia and Africa* (Leiden: Brill, 2013), pp. 391-416; Jan Kees van Donge, "Differential Supply Responses to Liberalization, and Resultant Poverty Alleviation in Vietnam and Tanzania," in *Asian Tigers, African Lions*, pp. 341-366.

nationalization of various large productive enterprises and retail networks; and state dominance in formal external trade. With the partial exception of Tanzania, both the "African socialist" systems and the Marxist-Leninist regimes subordinated the rural sector to the development of the urban sector in general, and to import-substitution industrialization in particular.[15]

To be sure, only some of these African political systems (above all, Guinea and Tanzania) could match Vietnam in the extent of state control over society and economy. The state-parties created by the Beninese, Congolese, and Ethiopian military regimes remained confined to the elites. In Angola, Mozambique, and Guinea-Bissau, the ruling parties had a broader following, but their membership still constituted a far lower percentage of the population than that of the Vietnamese Communist Party. The Ethiopian, Angolan, and Mozambican regimes faced prolonged armed resistance, and could not exercise effective control over the entire country. Most of the selected African regimes (with the notable exception of Tanzania) were dominated by the representatives of one particular region or ethnic group, which further limited the efficiency of state control. In Angola, the political elite was dominated by the coastal Mbundu ethnic group; in Benin and Congo-Brazzaville, by northern military officers; in Ethiopia, by Amhara military officers; in Guinea, by Mandingo; and in Mozambique, by southern urban elites. Their over-representation generated opposition among the under-represented groups (Ovimbundu and Kongo in Angola; southerners in Congo-Brazzaville; Eritreans, Tigrinya, and others in Ethiopia; Fula in Guinea; and northerners in Mozambique).[16]

Furthermore, these African economies were not as extensively integrated into the Soviet bloc as the pre-1986 Vietnamese economy was. In Angola, the oil sector, dominated as it was by Western corporations, remained unaffected by the policies of nationalization.[17] Mozambique's growing reliance on Western aid donors was revealed by the fact that in 1986, the Soviet bloc states were expected to contribute only one-third of the expenses of the planned new economic projects.[18] In

---

[15] For an overview, see Allison Drew, "Communism in Africa," in Stephen Anthony Smith (ed.), *Oxford Handbook in the History of Communism* (Oxford: Oxford University Press, 2014); William H. Crawford and Carl G.. Rosberg, *African Socialism* (Stanford, Cal.: Stanford University Press, 1964).

[16] For an overview, see John T. Ishiyama, "The formerly dominant Marxist-Leninist parties in the developing world after the collapse of communism," *Journal of Communist Studies and Transition Politics*, Vol. 20, No. 4 (2004), pp. 42-60.

[17] Ricardo Soares de Oliveira, "Business Success, Angola-Style: Postcolonial Politics and the Rise and Rise of Sonangol," *The Journal of Modern African Studies*, Vol. 45, No. 4 (December 2007), pp. 595-619.

[18] Hungarian Embassy to Mozambique, Ciphered Telegram, 12 February 1986, MNL, XIX-J-1-j Mozambik, 1986, 102. doboz, 105-10, 001227/1986; Hungarian Embassy to Mozambique, Ciphered Telegram, 20 February 1986, MNL, XIX-J-1-j Mozambik, 1986, 102. doboz, 105-20, 00330/2/1986.

Congo-Brazzaville, the modern sectors of the economy remained mainly under French control, despite the nationalization of a few French enterprises.[19] In Guinea, the combined share of the Communist states in the country's exports never exceeded that of Western Europe, and Western investments continued to occupy a prominent position in Guinea's export-oriented mining sector.[20]

Nevertheless, the selected African political systems can be still reasonably compared to Vietnam on the grounds that their statist economic policies distinguished them from those African countries whose economic policies were consciously based on domestic and foreign private entrepreneurship (like Botswana, Gabon, Gambia, the Ivory Coast, Kenya, Nigeria, and Senegal). Moreover, the pre-1986 Vietnamese system failed to evolve into a full-fledged Soviet-style planned economy, and hence it was a closer analogy to the African socialist regimes than the Soviet bloc countries. Following the unification of Vietnam under Communist rule, state control over the southern economy remained within certain limits, despite various attempts to repress private entrepreneurship.[21] The state could not eliminate the extensive informal sector, provide jobs for the entire population (in 1987, the number of unemployed stood at 7 million), or suppress inflation (in 1975-1985, the annual rate of inflation reached or exceeded 100%).[22]

Further similarities existed in the specific composition of Vietnamese and African exports. Vietnam produced and exported rice, coffee, cashew nuts, raw sugar, canned fruit, seafood, crude oil, bauxite, alumina, leather, textiles, garments, and footwear in substantial quantities. Of these products, oil occupied a prominent position in the economies of Angola, Congo-Brazzaville, and Benin; bauxite in Guinea; alumina in Guinea and Mozambique; rice in Guinea and Guinea-Bissau; canned fruit in Guinea; cashew in Guinea-Bissau and Mozambique; coffee in Angola and Ethiopia; sugar in Congo-Brazzaville and Zambia; seafood in Mozambique; leather and footwear in Ethiopia, Tanzania, and Zambia; and cotton, textiles, and garments in Benin, Ethiopia, Tanzania, and Zambia.

---

[19] Sarah S. Milburn, "La Chasse Gardée: Post-World War II French West Africa, 1945-1970," in Edward Rhodes (ed.), *Presence, Prevention, and Persuasion: A Historical Analysis of Military Force and Political Influence* (Lanham: Lexington Books, 2004), p. 252.

[20] Nelson *et al.*, *Area Handbook for Guinea*, pp. 274-283, 296-301.

[21] Adam Fforde and Suzanne H. Paine, *The Limits of National Liberation. Problems of Economic Management in the Democratic Republic of Vietnam* (London, New York and Sydney: Croom Helm, 1987); Donald B. Freeman, "Doi Moi Policy and the Small-Enterprise Boom in Ho Chi Minh City, Vietnam," *Geographical Review*, Vol. 86, No. 2 (1996), pp. 178-197; and Andrew Vickerman, *The Fate of the Peasantry. Premature 'Transition to Socialism' in the Democratic Republic of Vietnam* (New Haven, CT: Yale University Southeast Asia Studies, 1986).

[22] Hungarian Foreign Ministry, Memorandum, November 1986, MNL, XIX-J-1-j Vietnam, 1986, 147. doboz, 20, 003570/1/1986; Hungarian Foreign Ministry, Memorandum, 9 April 1987, MNL, XIX-J-1-j Vietnam, 1987, 136. doboz, 162-20, 009/6/1987.

Vietnam's initial social and economic indicators were also comparable to that of the selected African countries:[23] Vietnam's achievements were certainly substantial but they should not be summarily juxtaposed to the entire group of African states. In 2009, the rate of urbanization in most African countries still surpassed Vietnam's. Only Ethiopia and Tanzania had a lower level of urbanization – that is, the very same states that had been in a similar situation in 1989. In per capita GDP, however, Vietnam managed to overtake Guinea and Zambia. In 2009, only oil-rich Angola and Congo-Brazzaville had a higher per capita GDP than Vietnam. In the share of exports in GDP, Vietnam showed even greater progress. In 2006-2009, Congo-Brazzaville was the sole country that consistently surpassed it, and the export levels of six countries (Benin, Ethiopia, Guinea, Mozambique, Tanzania, and Zambia) remained consistently lower than Vietnam's.

In nominal terms, the gap between the richer and poorer countries seems to have increased between 1986/1989 and 2006/2009. In 1989, the per capita GDP of the richest country (Congo-Brazzaville) was 6.27 times higher than that of the poorest country (Mozambique). Vietnam's per capita GDP was 2.57 times higher than that of Mozambique but 2.44 times lower than that of Congo-Brazzaville. In 2009, the per capita GDP of the richest country (Angola) was 10.44 times higher than that of the poorest country (Ethiopia). Vietnam's per capita GDP was 3.22 times higher than that of Ethiopia but 3.23 times lower than that of Angola. From this perspective, Vietnam's position within the group of selected countries did not undergo much change. In both periods, Vietnam occupied a median position between the richest and poorest countries, with an almost identical distance from both extremes.

The sphere in which Vietnam achieved the greatest transformation was the composition of exports. As noted before, in the late 1980s Vietnam's exports were dominated by agricultural products, marine products, and mineral products. To assess the results of Vietnam's EOI strategy, **Table 2** shows Vietnam's export structure in 2007, compared with the export structure of six selected African countries (2006-2010, depending on the availability of data).[24] The composition of exports was described according to the Standard International Trade Classification (SITC) codes:

---

[23] "World Bank Data. Indicators. Urban population (% of total), 1985-1989." Accessed at: http://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS ; "World Bank Data. Indicators. GDP per capita (current US$), 1985-1989." Accessed at http://data.worldbank.org/indicator/NY.GDP.PCAP.CD?page=5 ; "World Bank Data. Indicators. Exports of goods and services (% of GDP), 1985-1989." Accessed at http://data.worldbank.org/indicator/NE.EXP.GNFS.ZS?page=5 .

[24] The yearbooks cited in **Table 4** were accessed at the United Nations International Merchandise Trade Statistics website: http://comtrade.un.org/pb/first.aspx ("Benin 2010," "Congo 2011," "Ethiopia 2008," "Guinea 2009," "Mozambique 2008," "Tanzania 2008," "Vietnam 2008"). Unfortunately, this database did not provide analogous information about Angola, Guinea-Bissau, and Zambia.

Table 2 Export Structure of Vietnam and African Countries

	0-1 (food, beverages, tobacco)	**2+4 (crude materials save fuels; oils, fats)**	**3 (mineral fuels)**	**5 (chemicals)**	**7 (machinery and transport equipment)**	**6+8 (other manufactured goods)**
Vietnam (2007)	19.2%	4.6%	20.7%	2.1%	11.5%	8.1+32.9 = 41%
Benin (2006)	29.4%	53.4%	0.4%	1.1%	1.3%	10.8 + 0.5 = 11.3%
Congo-Brazzaville (2010)	0.5%	1.6%	67.7%	0.1%	27.9%	1.1 + 1.1 = 2.2%
Ethiopia (2007)	48.6%	33.2%	0%	0.1%	2.8%	8.5 + 4.0 = 12.5%
Guinea (2008)	1.7%	54.9%	1.0%	0.4%	0.8%	0.8 + 8.4 = 9.2%
Mozambique (2008)	9.9%	6.3%	10.6%	0.2%	2.9%	55.6 + 0.7 = 56.3%
Tanzania (2007)	31.4%	21.3%	0.7%	2.8%	4.5%	10.3 + 3.1 = 13.4%

If Categories 6, 7, and 8 are merged into a single category of industrial exports, the combined share of such products in Vietnam's export structure reached 52.5% by 2007 – a very significant change if compared to the composition of Vietnamese exports in the late 1980s. This percentage was considerably higher than the share of industrial exports in any of the selected African countries except Mozambique (59.2%). That is, Vietnam surpassed Congo-Brazzaville (30.1%), Tanzania (17.9%), Ethiopia (15.3%), Benin (12.6%), and Guinea (10%). Furthermore, a closer examination of the export/import structure and industrial capacity of Mozambique and Congo-Brazzaville reveals serious anomalies behind their apparently favorable performance. Mozambique's SITC 6 exports (the largest section of its industrial exports) were composed near-exclusively of unwrought aluminum.[25] In Congo-Brazzaville, machinery and transport equipment (particularly ships, boats, and barges) constituted the largest category of industrial exports (the total value of such exports stood at $1.787 million in 2010). Nevertheless, the country's manufacturing sector, dominated as it

[25] "Mozambique 2008," p. 1. Accessed at the United Nations International Merchandise Trade Statistics website: http://comtrade.un.org/pb/first.aspx . See also Thomas R. Yager, "The Mineral Industry of Mozambique," in *U.S. Geological Survey Minerals Yearbook* 2010, p. 31.1. Accessed at: http://minerals.usgs.gov/minerals/pubs/country/2012/myb3-2012-mz

was by food processing and light industries, lacked the technological capacity to manufacture such equipment. Thus these manufactured exports seem to have been actually re-exports. In 2010, goods of this type did constitute the largest share in the country's imports, with a total value of $2.598.8 million.[26]

Vietnam's industrial exports, which were based on domestic production, showed a greater variety and a higher stage of procession. In 2007, various types of clothes, footwear, and furniture constituted the largest categories of Vietnamese manufactured exports. Moreover, Vietnam's entire export structure was of a more versatile nature than that of the selected African countries. Apart from creating an export-oriented industrial sector, the country also remained able to export agricultural goods and mineral fuels in considerable quantities (19.2% and 20.7% of total exports, respectively).[27] This versatility strongly differed from the less balanced export structure of the selected African countries. The export structure of Benin, Ethiopia, and Tanzania was dominated by agricultural goods and crude materials (whose total share ranged from 52.7% to 82.8%), whereas the share of industrial exports remained well below 20%, and fuel exports were virtually absent. The exports of Congo-Brazzaville and Guinea were based primarily on their rich oil and bauxite reserves, respectively, and neither agriculture nor domestic industry made any significant contribution. Thanks to its agricultural potential, coal and hydrocarbon reserves, and aluminum smelters, Mozambique achieved a higher degree of versatility, but, as mentioned before, its industrial exports were virtually limited to unwrought aluminum.

The following observations may be made about the long-term export performance of the selected African countries: The oil-rich countries (Angola and Congo-Brazzaville) were particularly extreme cases of structural inflexibility. During the 16-year period under examination, crude oil and oil products constituted a minimum of 73% of their exports in any year, while their maximum percentage reached a level of 94-95%. Apart from oil, they exported only a very limited range of goods, and these products were also natural resources (diamonds in Angola, timber in Congo-Brazzaville). Both agricultural produces and domestically manufactured industrial goods were conspicuous by their insignificance throughout the entire period; only coffee (Angola) and

[26] "Congo 2011," pp. 1-2. Accessed at the United Nations International Merchandise Trade Statistics website: http://comtrade.un.org/pb/first.aspx . See also John Frank Clark and Samuel Decalo, *Historical Dictionary of Republic of the Congo*. 4th edition (Lanham, MY: Scarecrow Press, Inc., 2012), pp. 216-217.

[27] "Vietnam 2008," p. 1. Accessed at the United Nations International Merchandise Trade Statistics website: http://comtrade.un.org/pb/first.aspx . For an overview of Vietnamese textile and garment exports, see also M. Zakir Hossein, "Report on Vietnam Textile & Garment Industry" (Nairobi: African Cotton & Textile Industries Federation, 2010), pp. 21-23.

sugar (Congo-Brazzaville) made a certain contribution. The predominance of oil in Angolan and Congolese exports also reveals that the apparently favorable performance of these two countries, like their high per capita GDP and the high percentage of exports in their GDP, was near-exclusively based on their superabundant oil reserves.[28]

Guinea and Zambia, two countries rich in mineral resources but devoid of hydrocarbon reserves, were also seriously affected by the problem of resource dependency. Throughout the examined period, a single mineral product (bauxite and copper, respectively) consistently ranked first among their export goods. Nevertheless, their dependency on these specific mineral products underwent a gradual decline. From an initial level of 66-92%, the percentage of these products decreased to 44-48%, and thus the structural inflexibility of Guinea and Zambia seems to have been less extreme than that of Angola and Congo-Brazzaville. At the same, this process of diversification was of a limited scope. Guinea managed to transform a part of its bauxite production into alumina, but the percentage of bauxite exports remained more than twice higher than that of alumina exports. An IMF report dated 2008 made the following observations: "Production of alumina relative to bauxite is […] low compared to other bauxite producing countries. […] The country has one alumina plant and no aluminum refinery. Hence, only about 4 percent of total bauxite production is locally transformed into alumina whereas the rest is exported as unrefined ore."[29] Other factors behind the decreasing percentage of bauxite exports were the long-term fall in Guinea's bauxite export price and the increase of gold and diamond exports (from 13.6% in 1989 to 21.7% in 2003). That is, the shifts in the composition of Guinean exports occurred within the mineral-based sector of the economy (mining and alumina refining). The diversification process did not lead to a significant increase of agricultural exports, nor did the country export industrial products unrelated to the mining sector. Similarly, Zambia's pre-2003 diversification process remained mostly confined to the mining sector, for the decreasing percentage of copper exports (which reflected a decline in copper production) was interrelated with the growth of cobalt exports – a linkage reinforced by the fact that cobalt production was a by-product of copper mining. It occurred as late as 2003 that tobacco and iron alloys started to make a significant contribution to Zambian exports. Nevertheless,

---

[28] On the problem of resource dependency in Angola and Congo-Brazzaville, see Alves da Rocha, Regina Santos, Luís Bonfim, Francisco Miguel Paulo, Ivar Kolstad and Arne Wiig, "Diversification of the Angolan Economy" (Bergen: Chr. Michelsen Institute, 2014), pp. 1-4; Pierre Englebert and James Ron, "Primary Commodities and War: Congo-Brazzaville's Ambivalent Resource Curse," *Comparative Politics*, Vol. 37, Issue 1 (October 2004), pp. 69-70.

[29] Jean Le Dem, Chris Geiregat, Michael Gorbanyov, and Mahvash Qureshi, "Guinea: Selected Issues and Statistical Appendix." IMF Country Report No. 08/20 (Washington, D.C.: International Monetary Fund, 2008), p. 3.

diversification was still partly based on the mining sector, for gold and nickel accounted for 17% of total exports.[30]

Guinea-Bissau and Ethiopia, two countries with largely untapped mineral resources, showed a substantial structural inflexibility in the sphere of agricultural exports. During a period of 15 years, cashew nuts consistently ranked first among Guinea-Bissau's export goods, and their percentage actually increased from 41-44% in 1988-1989 to over 80% in 1992-2001. In contrast, the percentage of groundnuts, fish, and shrimps gradually decreased from a combined total of 46% in 1988-1989 to 2% in 2001, and industrial exports were conspicuous by their absence. That is, the export profile of Guinea-Bissau became less, rather than more, diversified during the period under examination. As Steven Kyle noted, "the degree of [Guinea-Bissau's] export dependence on this crop exceeds even the export dependence of most members of OPEC on oil exports."[31] Thus the impressive growth of Guinea-Bissau's per capita GDP seems to have resulted primarily from the cashew boom. In Ethiopia, coffee consistently ranked first among the country's export goods, and from 1987 to 2000, its share invariably exceeded 55%. It occurred only in 2001-2003 that Ethiopia's dependence on coffee started to decrease. Similarly, hides and skins remained a major component of Ethiopian exports during the period under examination, but a shift toward leather products (i.e., toward a higher level of processing) did not appear yet in the period under examination.[32] From 1992 on, legumes and oilseeds made a somewhat fluctuating contribution to Ethiopian exports, but their share did not match the significance of qat exports.

Tanzania and Mozambique, two countries that initially relied mainly on agriculture but later developed their mineral sectors, proved more able to diversify their export profile than the six countries described above. Tanzania's initial dependence on coffee and cotton exports gradually decreased, from a total of 53-57% in 1987-1988 to a level of 6.5-21% in 2000-2003. The declining significance of these goods was combined with the contribution that other agricultural products (cashew nuts, tea, and tobacco) made to Tanzanian exports, but a more important factor was the dynamic growth of mineral exports. The combined share of gold and diamond exports increased from 7% in 1996 to 42.5% in 2003. Uniquely among the selected African countries, Tanzania also

---

[30] On the problem of resource dependency in Zambia, see Mark Ingle, "Unbalanced growth and dependency theory in Zambia: A post-independence survey," *African Journal of Business Management*, Vol. 6, Issue 16 (April 2012), pp. 5467-5471.

[31] Steven Kyle, "Cashew Production in Guinea Bissau." Working Paper 2009-25 (Ithaca, NY: Cornell University, Department of Applied Economics and Management, 2009), p. 2.

[32] On the post-2004 growth of Ethiopia's leather industry, see Deborah Brautigam, Margaret McMillan, and Xiaoyang Tang, "The Role of Foreign Investment in Ethiopia's Leather Value Chain." PEDL Research Note – ERG Project 106

proved able to export manufactured goods (mainly textiles and semi-processed food products), at least in limited quantities (15-19.4% in 1989-1998). Later, however, industrial exports were overshadowed by the spectacular emergence of mineral exports.[33] From this perspective, the growth of mineral exports was not simply a process of diversification but also a process that potentially reduced diversity. Mozambique's initially high dependence on shrimp and cashew nut exports (a total of 69.5% in 1987-1988) gradually decreased, though in 2001, the combined total of these goods still stood at 47%. Diversification was achieved partly by the fluctuating contribution of cotton, sugar, copra, and fruit exports, but the greatest change occurred in 2000-2003, in the form of electricity and aluminum exports. The rise of electricity exports resulted from the fact that the massive Cahora-Bassa hydroelectric transmission system, built in 1969-1979 but out of service during the Mozambican Civil War (1977-1992), finally started to operate in 1997. In 2003, aluminum suddenly became the country's most important export product, with a share exceeding one-half of total exports. Notably, Mozambique's aluminum smelting industry used alumina imported from Australia, and thus it did not constitute such a case of resource dependency as Guinea's alumina industry (which was based on the country's own bauxite reserves).[34] The creation of such an import-dependent aluminum industry was rendered possible by the availability of cheap electricity in Mozambique (a situation that stood in a sharp contrast with Guinea's serious power supply constraints). Still, Mozambique's aluminum exports were composed almost exclusively of unwrought aluminum, that is, a product that underwent only a simple form of procession.

Finally, Benin, a country with limited oil reserves, experienced a decreasing dependence on oil exports and a new dependence on cotton exports. From 41% in 1987, the share of crude oil exports declined to a mere 2% by 1999 – a shift caused partly by a fall in world oil prices. Cotton exports reached their peak percentage (80%) in the early 1990s, and stabilized at a level of 43-55% in 1995-2001. Despite the availability of cotton and the state's efforts to develop the textile industry, textiles did not make a significant contribution to exports. Actually, the cotton spinning sector underwent a gradual decline due to such factors as the high cost of energy and growing competition from imports (including massive smuggling).[35] In some cases, a strong positive correlation existed

---

(London: Centre for Economic Policy Research, 2013).

[33] On the recent emergence of Tanzania's mining sector, see Deborah Fahy Bryceson, Jesper Bosse Jønsson, Crispin Kinabo, and Mike Shand, "Unearthing treasure and trouble: mining as an impetus to urbanisation in Tanzania," *Journal of Contemporary African Studies*, Vol. 30, Issue 4 (2012), pp. 631-649.

[34] Yager, "The Mineral Industry of Mozambique," p. 31-1.

[35] Nicolas Gergely," "The Cotton Sector of Benin." Africa Region Working Paper Series No. 125 (Washington, D.C.: World Bank, 2009), pp. 13-14.

between a country's industrial profile and the composition of its exports. In Guinea-Bissau, the absence of industrial exports clearly resulted from the near-complete absence of any industrial capacity. The dominance of mineral products (bauxite and alumina) in Guinean exports largely corresponded to the narrow spectrum of Guinean industry and the prominence of aluminum production. In Angola and Congo-Brazzaville, both the dominance of oil exports and the relative significance of hydrocarbon-based industries (which rendered possible the production of jet fuels, motor gasoline, gas-diesel oil, and residual fuel oils) reflected the superabundance of oil reserves. In Benin, the absence of hydrocarbon-based industries seems to have resulted both from the small size of the local oil fields (an obstacle to the profitable domestic production of fuels) and from the country's generally weak industrial potential. Cotton production did not stimulate the emergence of a significant textile sector, and thus Benin exported mostly cotton, rather than textiles. In contrast, the relatively wide spectrum of Tanzanian industries (such as food and textile production) enabled the country to export various manufactured products in limited quantities. Locally produced cotton made a significant contribution to exports, but it was also processed by the textile and garments industry, and exported in the form of fabrics and clothes.[36] In Mozambique, the post-1998 construction of an aluminum smelter was soon followed by the rise of aluminum exports, indicating the export-oriented nature of the Mozambican aluminum industry. In some other cases, however, one can observe negative correlations between a country's industrial capacity and its export structure. The prominence of machinery and transport equipment in Congolese exports was at variance with the conspicuous absence of machine-building industrie, indicating massive re-exports. If the existence of certain industries in a given country was combined with the absence or insignificance of such manufactured products in the country's export structure, the aforesaid industries seem to have been of an import-substitution nature. The majority of the selected African countries (Angola, Benin, Congo-Brazzaville, Ethiopia, Mozambique, and Tanzania) proved able to produce beer, soft drinks, cigarettes, and cement, apparently more for domestic consumption than for export.[37] In Ethiopia, the contrast between the relatively wide spectrum of industrial production and the country's narrow export base indicated a particularly strong tendency of import-substitution

[36] George Kabelwa and Josaphat Kweka, "The Linkage between Trade, Development and Poverty Reduction (TDP): A Case Study of Cotton and Textile Sector in Tanzania." A research draft report submitted to CUTS-CITEE (India) for the Tanzania TDP Project (Dar es Salaam: Economic and Social Research Foundation, 2006), p. 3.

[37] For an overview of state-supported import-substitution industrialization in Africa, see Kwabena Nyarko Otoo, "Industrialisation Policies in West Africa" (Cotonou: Friedrich-Ebert-Stiftung, 2013), pp. 10-16.

industrialization.[38] At the same time, the rise of import-substituting textile and garment industries in Ethiopia and Mozambique created a potential for future exports. In the 2000s, these two countries did make attempts to embark on export-oriented textile production.[39]

If the industrial capacity of the selected African countries is compared with Vietnam's industrial profile, it appears that the pre-take off spectrum of Vietnamese industrial production was somewhat broader than that of Ethiopia, Mozambique, and Tanzania, that is, those African countries that achieved the relatively highest level of industrial diversity. As early as the 1980s, Vietnam had a gradually developing steel industry, which would later enable the country to increase its steel production to an impressive extent. Vietnam's crude steel production grew from 84,500 metric tons in 1989 to 301,000 metric tons in 1994, and to 2.024 million metric tons in 2007.[40] Of the selected African countries, only Angola had a rudimentary steel industry (with an annual production of 9-10,000 metric tons in the 1980s and the 1990s), and even this industry ceased to operate by 2002. The sole country that manufactured bicycles was Mozambique, and its production (a mere 5,000 in 1995, as opposed to the Vietnamese production of 114,900 in 1989) seems to have discontinued in 1996. In other respects, however, the profile of the Vietnamese manufacturing sector had much in common with that of the selected African countries. Several of Vietnam's major industrial products were produced in at least some of the selected countries: raw sugar in Ethiopia, Guinea, Mozambique, Tanzania, and Zambia; textile fabrics in Ethiopia, Mozambique, and Tanzania; chemical fertilizers in Zambia; and cement in Angola, Benin, Congo, Ethiopia, Guinea, Mozambique, Tanzania, and Zambia. In sum, Vietnam enjoyed certain structural advantages over the selected African countries (which would facilitate its post-1986 EOI drive) but these were not so great as to preclude the application of Vietnam's experiences to the African countries. At the same time, the patterns of industrial production and export composition in the selected African countries indicate that the latter countries, even if they managed to create a relatively broadly based

[38] On the Ethiopian Communist regime's commitment to large-scale industrialization, see the following archival sources: Hungarian Embassy in Ethiopia, Ciphered Telegram, 26 November 1985, MNL, XIX-J-1-j Ethiopia, 1985, 56. doboz, 41-10, 004776/2/1985; Hungarian Embassy in Ethiopia, Ciphered Telegram, 27 November 1985, MNL, XIX-J-1-j Ethiopia, 1985, 56. doboz, 41-10, 004776/3/1985.

[39] On Ethiopia's shift from import-substitution industrialization to EOI, see Mulu Gebreeyesus, "Industrial Policy and Development in Ethiopia: Evolution and Present Experimentation." WIDER Working Paper No. 2013/125 (Helsinki: United Nations University, World Institute for Development Economics Research, 2013), pp. 2-7, 14-17. Accessed at http://www.wider.unu.edu/stc/repec/pdfs/wp2013/WP2013-125.pdf . On Mozambique, see Joop de Voest, Heinrich Schultz, Reginald Selelo, and Mark Bennett, "Profile of Mozambique's Cotton, Textile and Apparel Sector." Technical Report (Gaborone: USAID/Southern Africa, 2012), pp. 14-20, 44-48.

[40] World Steel Association, Statistics Archive: Annual crude steel production, 1980-2013. Accessed at http://www.worldsteel.org/statistics/statistics-archive/annual-steel-archive.html

manufacturing sector, were less able to shift from import substitution to export-oriented industrialization than Vietnam was.[41]

In terms of social structure, most of the selected African countries faced certain historical obstacles to private entrepreneurship, market-oriented agricultural production, and export-oriented industrialization. That is, the social groups that were actually or potentially interested in such activities were initially in a weak, subordinated, or discriminated position vis-à-vis those groups whose economic preferences were at variance with these models of development. The short- or long-term political dominance of the latter groups played a decisive role in the implementation of state socialist economic policies in the 1960s, 1970s, and 1980s. In those countries where the domestic entrepreneurial groups were in a strong position (e.g., in Ivory Coast, Kenya, and Senegal), their influence produced a decisive effect on the course of economic development.

In Angola, Mozambique, and Bissau-Guinea, Portuguese colonial rule (especially the commercial dominance of European settlers) hindered the emergence of African entrepreneurship. Following independence, political power was monopolized by non-entrepreneurial urban elites (*assimilado* officials and intellectuals) who usually represented certain specific regions and ethnic groups (the coastal Mbundu in Angola and the southern ethnic groups in Mozambique). Some other ethnic groups that played important roles in trade and/or export-oriented agriculture (like the Kongo and Ovimbundu in Angola) were in political opposition to these regimes.[42] In Ethiopia, the pre-1974 political elites were dominated by feudal-style landowners and urban bureaucrats of Amhara origin, among whom entrepreneurship was not a favored occupation. In contrast, traders, craftsmen, and rural coffee producers were mostly persons belonging to other, politically subordinated ethnic and religious groups (such as Arabs, Oromo, and Gurage). The military coup of 1974 led to a shift of power to other non-entrepreneurial elites (military officers as well as urban officials and intellectuals), at the expense of private entrepreneurs and agricultural producers.[43] In

---

[41] For an overview of the obstacles and prospects of EOI in Africa, see Uzochukwu Amakom, "Manufactured Exports in Sub-Saharan African Economies: Econometric Tests for the Learning by Exporting Hypothesis," *American International Journal of Contemporary Research*, Vol. 2, Issue 4 (April 2012), pp. 195-206.

[42] Steven Kyle, "The Political Economy of Long-Run Growth in Angola – Everyone Wants Oil and Diamonds but They Can Make Life Difficult." Working Paper 2002-07 (Ithaca, NY: Cornell University, Department of Applied Economics and Management, 2002); Steve Kyle, "Economic Development in Angola and Mozambique," *Africa Notes*, February 1999 (accessed at http://www.arnaudi.cornel.edu/Africa/aoutreach/pdf/Ecnomic_Dev_in_Angola.pdf); Jason Sumich, "An Imaginary Nation: Nationalism, Ideology and the Mozambican National Elite," in Eric Morier-Genoud (ed.), *Sure Road? Nationalisms and Nations in Angola, Guinea-Bissau and Mozambique* (Leiden: Brill Publishing, 2012), pp. 127-148; Alexandre José Germano de Abreu, "Migration and development in contemporary Guinea-Bissau: a po litical economy approach." PhD Thesis (London: SOAS, University of London, 2012).

[43] Peter Schwab, *Ethiopia: Politics, Economics, and Society* (Boulder, CO: Lynne Rienner Publishers, Inc., 1985), pp.

Congo-Brazzaville, the unusually high number of officials, intellectuals, and industrial workers ensured the political domination of urban consumers over rural agricultural producers. For the underdeveloped northern rural areas, the most important channel of upward social mobility was military service, and the army became a mainstay of the pre-1991 state socialist regimes. Among urban private entrepreneurs, the citizens of other African countries (such as Mauritania) were considerably more active than Congolese ones.[44] In colonial Guinea, the participation of independent African farmers in export-oriented agricultural production was less prominent than in Dahomey (Benin), Ivory Coast, and Ghana, as banana cultivation occurred mainly on French-owned plantations. Instead, low-ranking officials, workers, and miners occupied a central role in the nationalist movement, and then in the establishment of Sékou Touré's regime. At the same time, the extensive informal commercial networks retained their influence, and thus the forceful imposition of statist economic policies generated serious tension in state-society relations.[45] In Benin, the main beneficiaries of statist policies were the greatly overstaffed bureaucracy, the relatively numerous urban intelligentsia, and the army; the latter also functioned as a channel of upward social mobility for the inhabitants of the less developed northern region. Still, urban and rural private entrepreneurship (trade, entrepot trade, and export-oriented agricultural production) was so ubiquitous that the rent-seeking state found it difficult to control it.[46] In Zambia, the basis of statist economic policies was the disproportionally great significance of the copper mining sector. This sector employed only a small percentage of the population but provided the bulk of export revenues for the rent-seeking state, and thus enabled the government to subordinate the interests of private traders and rural agricultural producers to the preferences of urban wage earners and consumers.[47]

In the 1980s and 1990s, these social obstacles were partly removed, as the pressure exerted by the IFIs and the various international aid donors compelled the ruling African leaders to abandon

---

1-27; Chris Prouty and Eugene Rosenfeld, *Historical Dictionary of Ethiopia* (Metuchen, N.J., and London: The Scarecrow Press, Inc., 1981), p. 89.

[44] Virginia Thompson and Richard Adloff, *Historical Dictionary of the People's Republic of the Congo (Congo-Brazzaville)* (Metuchen, N.J.: The Scarecrow Press, Inc., 1974), pp. 57-58; Bruce Whitehouse, "Enterprising Strangers: Social Capital and Social Liability Among African Migrant Traders," *International Journal of Social Inquiry*, Vol. 4, Issue 1 (2011), pp. 93-111.

[45] Elizabeth Schmidt, "Anticolonial Nationalism in French West Africa: What Made Guinea Unique?," *African Studies Review*, Vol. 52, Issue 2 (September 2009), pp. 1-34.

[46] Chris Allen, "Restructuring an Authoritarian State: 'Democratic Renewal' in Benin," *Review of African Political Economy*, No. 54 (July 1992), pp.42-58.

[47] Mark Ingle, "Unbalanced growth and dependency theory in Zambia: A post-independence survey," *African Journal of Business Management*, Vol. 6, Issue 16 (April 2012), pp. 5467-5471.

their state socialist economic policies, create better opportunities for private entrepreneurship, and dismantle their one-party political systems. Nevertheless, the contribution that private entrepreneurship could make to export-oriented development in the selected African countries was limited by various factors. In every country under analysis, informal types of private entrepreneurship – which the earlier state socialist regimes failed to suppress or control – have remained far more widespread than formal ones. For instance, in the early 2000s about 80% of Benin's active population was involved in the informal sector.[48] The entrepreneurs' preference for the "informal option" was motivated not only by their inability or unwillingness to pay the required taxes but also by their limited skills and the complicated nature of business registration. In most of the selected African countries, business registration forms and other official regulations were printed in French, Portuguese, and English, respectively, rather than in local languages; the widespread use of Kiswahili in Tanzania and that of Amharic in Ethiopia constituted exceptional cases. Due to the limited capacity of the educational systems, many small-scale entrepreneurs lacked a sufficient command of these official languages, or were fully illiterate. In 2003, the national literacy rate was 42% in Angola, 40% in Benin, 83% in Congo-Brazzaville, 42% in Ethiopia, 41% in Guinea, 41% in Guinea-Bissau, 46% in Mozambique, 77% in Tanzania, and 80% in Zambia.[49] The rate of female literacy was usually even lower than the national literacy rate. For instance, in Benin female literacy hardly exceeded 23% in 2002. This constituted a serious problem, because in many African societies (particularly in Benin, Guinea, and Guinea-Bissau), small-scale trade was traditionally a female profession. Consequently, many small-scale entrepreneurs were unaware of the relevant rules or unable to follow the required procedures.[50] Their limited skills also greatly hindered them in upgrading their enterprises.

For entrepreneurs of limited skills and limited capital, informal commerce was a far more feasible (and profitable) option than manufacturing, let alone export-oriented industrial production. Within the informal sector, various forms of trade (such as retail trade) were the activities that became most widespread after the relaxation of state control over the economy. The predominance

[48] Isabelle Deschamps, "Commercial Law Reform in Africa: a Means of Socio-economic Development, but for Whom? Perspective of Women Entrepreneurs in Benin." L.L.M. thesis (Montreal: McGill University, Institute of Comparative Law, 2011), p. 57.
[49] Rolf Hofmeier and Andreas Mehler (eds.), *Afrika Jahrbuch 2003. Politik, Wirtschaft und Gesellschaft in Afrika südlich der Sahara* (Wiesbaden: Springer Fachmedien, 2004), pp. 72 (Benin), 102 (Guinea), 106 (Guinea-Bissau), 197 (Congo), 228 (Ethiopia), 312 (Tanzania), 339 (Angola), 366 (Mozambique), 405 (Zambia).
[50] Deschamps, "Commercial Law Reform in Africa," p. 51.

of commercial activities was observed in virtually every selected African country: Angola, Benin, Congo-Brazzaville, Guinea, Guinea-Bissau, Mozambique, Zambia, and so on.[51] As Alexandre Jose Germano de Abreu pointed out,

---

It is difficult to be a viable capitalist entrepreneur in rural Guinea-Bissau, for constraints exist at every level: a limited domestic market; poor road infrastructure; poor storage facilities and lack of electrical supply; an oligopsonic structure of demand characterising the value chains of the key crops; expensive harbour dues at Bissau harbour; demands for bribes at road checkpoints; insecurity of tenure; a fiscal regime that is disproportionately concentrated on exports for lack of other taxable bases; and the deterrent effect of political instability and a recent history of conflict upon relatively fixed investments. In such a context, experience in undertaking merchant capitalist activities does not quite constitute a facilitating factor for engagement in productive capitalism – rather, it often constitutes a *substitute* for the latter, insofar as trade and commerce are largely able to overcome or circumvent many of the aforementioned constraints to productive capitalism. In particular, domestic merchant activities are not faced with the very difficult task of competing in the international market under a disadvantageous cost structure.[52]

These social obstacles could be only partially overcome by the influx of foreign investment, since the FDI-reliant enterprises were often similarly hindered by the limited skills of their employees. In Luanda, the capital of Angola, the average length of schooling was 5 years in the formal sector – that is, only one year longer than in the informal sector.[53] Under such circumstances, it was difficult to train workers to operate new technologies. As Samuel M. Wangwe noted,

Industrial demands for higher educational levels will have to be met by further investments in education. Governments may be called on to take the lead in this respect. In the light of these findings, the suggestion that African manufacturing should make intensive use of unskilled labour (e.g. by Pack, 1993) should be received with great caution.[54]

---

[51] "Informal Trading in Luanda's Markets, Streets and at Home." Development Workshop, Luanda (Ottawa: International Development Research Center, 2009) (accessed at: http://idlbnc.idrc.ca/dspace/handle/10625/40346); Deschamps, "Commercial Law Reform in Africa," p. 57; Whitehouse, "Enterprising Strangers," p. 94; "Mainstreaming Private Sector Development into the National Development Agenda: Guinea's Experience." LDC III Conference (Vienna: United Nations Industrial Development Organization, 2001), p. 7; "Reality Checks in Mozambique." Annual Report 2014 (Stockholm: ORGUT Consulting AB, 2014); Karen Tranberg Hansen, "Changing Youth Dynamics in Lusaka's Informal Economy in the Context of Economic Liberalization," *African Studies Quarterly*, Vol. 11, Issues 2-3 (Spring 2010), pp. 16-17.

[52] Abreu, "Migration and development in contemporary Guinea-Bissau," p. 294.

[53] "Informal Trading in Luanda's Markets," p. 10.

[54] Samuel M. Wangwe (ed.), *Exporting Africa. Technology, Trade and Industrialization in Sub-Saharan Africa* (London and New York: Routledge, 1995), p. 96.

In this respect, the IFI-enforced deregulation of the African economies did not stimulate the development of private entrepreneurship as much as intended. The curtailment of state expenditures considerably reduced the African states' capability to upgrade the educational systems, develop the physical infrastructure, and provide micro-credit to agricultural producers and small urban enterprises.[55] At the same time, central and local government officials at least partly retained their ability to control, obstruct, or exploit private entrepreneurial activities. Since the IFI-imposed measures (deregulation, currency devaluation, and import liberalization) produced an adverse effect on the real wages of civil servants, officials often became even more, rather than less, prone to abuse their power for financial gains than before. In sum, the African states (which, in the opinion of several authors, were traditionally weak and/or predatory if compared to their East Asian counterparts[56]) often proved unable to play a proactive role in economic development but they were still able to play a negative role. The net result was a more or less antagonistic, rather than cooperative, relationship between a weak and inefficient but predatory state and a largely informal private entrepreneurial sector. In some countries, like Angola and Zambia, the authorities did little to assist small-scale entrepreneurship but they periodically attempted to expel informal traders from certain urban areas.[57] In the partially deregulated Tanzanian economy, the state did not provide loans and technical equipment to agricultural producers but continued to control how peasants could use the land (which remained state property).[58]

Facing the sudden and drastic import liberalization prescribed by the IFIs, the previously strongly protected African import-substituting industries found it difficult, and often impossible, to survive. In Mozambique, Tanzania, and Zambia, textile production underwent a serious crisis due to the massive influx of cheap imported textiles and clothes (including second-hand clothes).[59]

---

[55] On the post-1980 decline of education in Tanzania, see Van Arkadie and Do, "Economic Reform in Tanzania and Vietnam," p. 9

[56] Joshua B. Forrest, "The Quest for State 'Hardness' in Africa," *Comparative Politics*, Vol. 20, Issue 4 (July 1988), pp. 423-442; Jean-François Bayart, *The State in Africa: The Politics of the Belly* (London and New York: Addison Wesley Longman Ltd., 1996).

[57] "Informal Trading in Luanda's Markets," pp. 5-6; Hansen, "Changing Youth Dynamics," p. 18.

[58] Kilama, "The diverging South," p. 125.

[59] Andrew Richard Brooks, "Riches from Rags or Persistent Poverty? Inequality in the Transnational Second-hand Clothing Trade in Mozambique." PhD thesis (London: University of London, 2012); Food and Agricultural Organization, "Analysis of Incentives and Disincentives for Cotton in Mozambique." Monitoring African Food and Agricultural Policies (Rome: Food and Agricultural Organization, 2012), p. 9; Wumi K. Olayiwola and Johansein Ladislaus Rutaihwa, "Trade Liberalization and Employment Performance of Textile and Clothing Industry in Tanzania," *International Business Research*, Vol. 3, Issue 3 (July 2010), pp. 47-55; Venkatesh Seshamani, "Trade liberalization and its impacts: Zambia case studies" (Lusaka: 2008).

Similarly, the liberalization of the cashew trade in Mozambique led to a decline in the local cashew processing industry. When the government lifted the ban on raw cashew exports, the recently privatized cashew-processing factories could not offer sufficiently high prices to rural cashew producers, and hence the latter preferred to sell their crop to merchants who exported the raw cashew nuts to India for processing. Nonetheless, rural producers received only a relatively small part of the surplus generated by the liberalization of the cashew trade. Furthermore, India's monopsony power in the purchase of raw nuts stood in a sharp contrast with the competition between the various African cashew exporters (Guinea-Bissau, Mozambique, and Tanzania), which enabled Indian buyers to dominate the market.[60]

Notably, the process of privatization and import liberalization was far less abrupt and drastic in Vietnam than in the aforesaid African countries. As John Thoburn noted, Vietnam's "trade liberalization programme has followed an 'East Asian' pattern, where exports have been developed rapidly while the domestic market has remained protected."[61] These protectionist steps were often of a harmful nature, because they enabled many inefficient SOEs to survive, particularly in the sphere of import-substituting industries. Nevertheless, the post-1986 protectionist measures did not reach to such an extent as to stifle the growth of the entire manufacturing sector. Due to the state's inability to suppress informal trade and smuggling, cheap important goods were fairly abundant in Vietnam, and the relatively decentralized structure of the economy (such as the economic autonomy of the provinces) also compelled many SOEs to be competitive. This is how a number of SOEs made significant contributions to EOI, often in partnership with foreign investors. Instead of pursuing a policy of radical privatization, the Vietnamese state sought to attract FDI into its enterprises in the form of joint ventures. In the opinion of Brian Van Arkadie and Raymond Mallon, "With state enterprises dominating exports and industrial output, Viet Nam's impressive economic performance during the early transition period would not have been possible without strong performance by a significant segment of the state enterprise sector."[62] FDI played a major but not dominant role in export growth. In 1995-2000, the contribution of foreign-invested firms increased from 8% of total exports to 23%, but it was still overshadowed by the domestic sector.[63]

[60] Margaret McMillan, Karen Horn Welch, and Dani Rodrik, "When Economic Reform Goes Wrong: Cashews in Mozambique." NBER Working Paper No. 9117 (Cambridge, MA: National Bureau of Economic Research, 2003).

[61] John Thoburn, "Vietnam and the End of the Multi-fibre Arrangement: A Preliminary View," *Journal of International Cooperation Studies*, Vol. 15, Issue 1 (July 2007), p. 97.

[62] Brian Van Arkadie and Raymond Mallon, *Vietnam: A Transition Tiger?* (Canberra: ANU E Press and Asia Pacific Press, 2004), p. 112.

[63] Ibid., p. 201.

From the perspective of domestic entrepreneurs and foreign investors, it was an advantageous condition that Vietnamese industrial wages were lower than wages in the more developed East and Southeast Asian states but the Vietnamese labor force was considerably better educated than the workers in the selected African countries. At the start of *doi moi*, “Viet Nam had much higher levels of mass literacy, life expectancy and middle and higher education than most other countries with a similar level of per capita income.”[64] In 1989, Vietnam’s adult literacy rate stood at 88%.[65] The practical benefits of this situation may be gauged from the fact that over 60% of the 900.000 workers employed in Vietnam’s export processing and industrial zones were young women aged 20-35 with junior to high school education.[66]

Of the selected African countries, only Congo-Brazzaville, Tanzania, and Zambia had a comparable (but lower) rate of literacy, but even these countries failed to match Vietnam in the field of extensive technical education (a major achievement of the Vietnamese Communist regime). In Congo-Brazzaville, the education system was hardly suitable to facilitate industrialization and the development of entrepreneurship:

> The education system is more geared toward attaining a broad knowledge base than giving technical and vocational training, which is poorly served. It does not provide courses and programmes that cater to the economy’s needs, and in particular those sectors necessary for the diversification of the economy. Technical and vocational education programmes attract fewer than 10% of school students, and fewer than 20% of public and private university students study technical subjects. […] To illustrate the mismatch between education and employment, figures from the national employment and labour force office, the *Office national de l'emploi et de la main d'oeuvre* (Onemo), reveal that nearly 30% of job vacancies provided by private companies in the last five years have not been filled, despite the high unemployment rate.[67]

Apart from domestic conditions, the chances of EOI seem to have been strongly influenced by a country’s regional economic environment and logistical advantages (or disadvantages). In terms of logistical accessibility, Benin, Congo-Brazzaville, and Mozambique were in the most favorable position. These three coastal countries were endowed with a relatively well developed

---

[64] Ibid., p. 35.

[65] World Bank Data. Indicators. Adult literacy rate, population 15+ years, both sexes (%).” Accessed at: http://data.worldbank.org/indicator/SE.ADT.LITR.ZS?page=5

[66] Angie Ngoc Tran, “Vietnamese Textile and Garment Industry in the Global Supply Chain: State Strategies and Workers’ Responses,” *Institutions and Economies*, Vol. 4, Issue 3 (October 2012), p. 138.

[67] “African Economic Outlook, “Congo Republic 2012” (Issy les Moulineaux: OECD Development Centre, 2012), p. 13.

transport network, including harbors of substantial capacity that were greatly needed by their neighbors (Cotonou in Benin; Pointe-Noire in Congo-Brazzaville; and Maputo, Beira, and Nacala in Mozambique). Tanzania could also take advantage of the port of Dar es Salaam (which Zambia, Rwanda, and Burundi used as an outlet to the Indian Ocean), but the inefficient operation of the Tanzania-Zambia Railway as well as the competition posed by the Kenyan, South African, and Namibian ports created serious problems. Up to 1975, Angola's Benguela Railway played an analogous role by linking the copper mines of Zambia and Zaire with the Atlantic Ocean, but the Angolan Civil War greatly disrupted its operation, and it was not rehabilitated until 2011-2013. In Guinea, the port of Conakry played a prominent role in the supply of goods to the Guinean population but it could not compete with Dakar in the sphere of regional transit trade. The same held true for Guinea-Bissau, whose main port city was Bissau, the national capital. Of the selected countries, Zambia and Ethiopia were in the least advantageous position. Zambia is a landlocked country for which the countries of Southern Africa are logistically more accessible than faraway Europe. From 1965 to the early 1990s, however, political reasons dissuaded the Zambian government from economic cooperation with South Africa, and the Angolan and Mozambican civil wars caused further logistical complications, forcing Zambia on depend on the partly unreliable Tanzania-Zambia Railway. Ethiopia's access to the Red Sea was adversely affected the decades-long war in Eritrea and by Eritrea's subsequent secession. Furthermore, the transport network was more oriented toward linking the country's political center (the Amhara-populated central highlands) with the northeastern seacoast than to create logistical connections for the southern and western regions (which played a crucial role in coffee cultivation and livestock farming, and hence in Ethiopia's coffee and leather exports).

In Benin, the country's logistical advantages could have potentially facilitated EOI but instead they stimulated the development of another sector, entrepôt trade. Due to Benin's extensive dependence on formal and informal trade with the far larger Nigerian economy, any event that disrupted this trade (like a recession in Nigeria or a closure of the Nigerian-Beninese border) was bound to produce a strongly adverse effect on economic growth in Benin. Due to such factors as the small size of the Beninese domestic market, the abundance of cheap consumer goods imported from Nigeria (like plastic sandals, cotton fabrics, and soap), and the accessibility of the Nigerian market for re-exported goods, involvement in the transit trade was a more profitable option for Beninese entrepreneurs than either import-substitution industrialization or export-oriented industrialization would have been. Beninese exports to the EU (above all, France) were dominated by cotton, crude

oil, vegetable oils, and re-exported cocoa of Nigerian origin.[68] An EOI policy oriented toward faraway European or American markets would have been more challenging than an economic strategy oriented toward the neighboring Nigerian market, and none of the other regional African countries offered such market opportunities as oil-rich Nigeria, the most populous country of the continent. Furthermore, a far broader section of Beninese society could get involved in the trade with Nigeria than in intercontinental trade. At the same time, the strong protectionism that characterized Nigeria's industrial policy would have rendered it difficult for Benin to pursue a FDI-dependent EOI policy oriented toward the legal export of domestically produced manufactured goods to Nigeria. Re-exports, however, were actually stimulated, rather than hindered, by Nigeria's protectionist barriers (which informal traders could overcome by means of smuggling and corruption).[69] Still, the combination of Benin's relatively developed infrastructure and its local cotton production did create at least a limited potential for EOI. The recent emergence of export-oriented textile production in Benin was based primarily on Chinese investment and oriented toward such markets as India, Indonesia, Thailand, and Brazil. Textile exports to China, Europe, and other African countries were of lesser importance, whereas Benin's textile imports were primarily from China, the Netherlands, Ghana, and the Ivory Coast.[70]

Informal re-exports (mainly from and to Congo-Kinshasa) and formal transit trade (with Gabon, Central Africa, and Chad) played a significant role in Congo-Brazzaville's external trade, too.[71] Still, the relatively substantial industrial capacity the country inherited from the late colonial era (when Congo functioned as the administrative and logistical center of French Equatorial Africa),[72] combined with its small population and the low level of industrialization in the other regional countries (Gabon, Chad, and Central Africa), created a strong stimulus for an EOI policy focused on the regional markets. In 1964, Congo-Brazzaville, Cameroon, Gabon, Chad, and Central Africa established the Customs and Economic Union of Central Africa (UDEAC), which was later superseded by the Economic Community of Central African States (ECCAS). Since UDEAC

---

[68] *Critical Issues for American Investors in Benin* (Washington, D.C.: Agency for International Development, 1991), pp. 9, 21, 35-36, 46-47.

[69] Stephen S. Golub, "Entrepot Trade and Smuggling in West Africa: Benin, Togo and Nigeria," *The World Economy*, Vol. 35, Issue 9 (September 2012), pp. 1139-1161.

[70] Programme de Promotion du Commerce Sud-Sud, *Benin: Expansion du commerce intra- et inter-regional entre les pays de la CEMAC et de l'UEMOA. Etude de l'offre et de la demande sur les textiles et l'habillement* (Cotonou: Ministere de l'industrie, du commerce et de la promotion de l'emploi, Direction du commerce exterieur, 2003), pp. 8-10, 12-13, 23-24,

[71] Thompson and Adloff, *Historical Dictionary of the People's Republic of the Congo*, pp. 118-119.

[72] Alain Auger, "Congo," in Harm de Blij and Esmond Martin (eds.), *African Perspectives: An exchange of essays on the economic geography of nine African states* (New York and London: Methuen, 1981), pp. 207-211.

promoted free trade between the member states, and created a common external tariff (with rather high import duties imposed on consumer goods), Congo-Brazzaville found it both easy and profitable to export its manufactured products (mainly cigarettes, sugar, and textiles) to the "captive markets" of Gabon, Chad, and Central Africa. Thanks to its industrial capacity, Congo-Brazzaville gained considerable surpluses from inter-regional trade, but these imbalances generated tension between the Congolese government and its UDEAC partners, and induced the various states to develop competing industries. Caught between Cameroon (a relatively industrialized country whose products posed a strong competition to Congolese goods) and the underdeveloped UDEAC states, Congo-Brazzaville opted for a strategy of protecting its own domestic market and accepting a higher mean tax rate on Congolese goods sold in other UDEAC countries than the mean tax rate on Central African and Chadian products. In the last analysis, Congo-Brazzaville's orientation toward the "captive" UDEAC markets seems to have hindered the country's manufacturing sector to move upmarket. Congolese industries remained dependent for their sales on the UDEAC market, and proved largely unable to export their products to other, more developed countries (a problem also aggravated by the unfavorable impact that oil exports and the overvaluation of the CFA made on the exchange rate).[73]

Mozambique's natural harbors and railway lines provided a much-needed outlet for the region's more industrialized states (South Africa and Rhodesia/Zimbabwe), and the country's huge Cahora-Bassa dam was designed to supply South Africa with electricity. The capacity of these infrastructural networks exceeded Mozambique's own needs to such an extent that they could not be effectively utilized if Mozambique's relations with the aforesaid countries were disrupted by political tension (as it occurred in 1974-1992).[74] Under peaceful circumstances, however, their existence enabled Mozambique to launch a massive EOI project, an aluminum smelting facility operated by the Mozal company. Thanks to its easy access to the nearby port of Maputo, Mozal's smelter could be effectively supplied with alumina imported from Australia. Due to the absence of a direct transmission line between Cahora-Bassa and Maputo, the plant obtained electricity through

[73] Lynn Krieger Mytelka, "Foreign Aid and Regional Integration: The UDEAC Case," *Journal of Common Market Studies*, Vol. 12, Issue 2 (December 1973), pp. 141-143, 155-156; Lynn Krieger Mytelka, "Fiscal Politics and Regional Redistribution: Bargaining Strategies in Asymmetrical Integrative Systems," *The Journal of Conflict Resolution*, Vol. 19, No. 1 (March 1975), pp. 154-157; M. L. Marasinghe, "A Review of Regional Economic Integration in Africa with Particular Reference to Equatorial Africa," *The International and Comparative Law Quarterly*, Vol. 33, No. 1 (January 1984), p. 51;

[74] Sergej Kulik, *Safaris in Moçambique* (Moscow and Leipzig: Izdatel'stvo Progress and VEB F.A. Brockhaus Verlag, 1989), pp. 68-71, 144-149.

South Africa.[75] Since aluminum smelting is extremely energy-intensive, a poor country like Mozambique would not have been able to create such a major project if its economy had not been extensively integrated into the Southern African regional economy. Mozambique's preference for Southern African integration was clearly revealed by its decision to withdraw from the Common Market for Eastern and Southern Africa (COMESA) and to prioritize cooperation with the Southern African Development Community (SADC).[76] In other respects, however, Mozambique's cooperation with SADC did not stimulate EOI. South Africa (Mozambique's principal SADC partner) imported mainly electricity and natural gas from Mozambique, and the subordination of Mozambique's infrastructural network to the energy and transport needs of the neighboring countries created serious imbalances in the Mozambican economy. Mozambique's electricity exports stood in a sharp contrast with the country's extremely low electrification rate, and the railways that linked Zimbabwe and South Africa with Mozambique's ports were not interconnected with each other on Mozambique's territory.[77]

Paradoxically, Tanzania's infrastructural potential came into conflict with the idea of regional integration. Since independence, the country twice joined a regional intergovernmental organization: the first East African Community (1967-1977; composed of Kenya, Tanzania, and Uganda) and the second East African Community (2000-; composed of Kenya, Tanzania, Uganda, Rwanda, and Burundi). Nevertheless, the two main transport corridors of the EAC (the Northern Corridor that linked Rwanda, Uganda, and Kenya with the Kenyan port of Mombasa, and the Central Corridor that linked Rwanda, Burundi, and Tanzania with Dar es Salaam) ran parallel to each other, and thus Tanzania was less closely linked to the other two major EAC states than to the two minor EAC members. In 2009, the Northern Corridor carried 75% of the EAC's trade volume, while the share of the Central Corridor was only 25%.[78] Thanks to its better infrastructure and greater industrial potential, Kenya was a more favorable destination for FDI than Tanzania, which

---

[75] Yager, "The Mineral Industry of Mozambique," p. 31-1.

[76] Aditi Lalbahadur and Lisa Otto, "Mozambique's Foreign Policy: Pragmatic Non-Alignment as a Tool for Development." SAIIA Occasional Paper No. 160 (Braamfontein: South African Institute of International Affairs, November 2013), p. 7.

[77] Southern African Development Community, "Intra-SADC Trade Performance Review 2006: Mozambique." Accessed at: http://www.sadctrade.org/files/Intra-SADC-trade-performance-review-2006-4-mozambique.pdf ; Boaventure Monjane, "Mozambique: an energy-rich country in the dark." Paper presented to the University of Illinois at Urbana-Champaign Center for African Studies Conference: "Power Africa: Promises, Potentials, Pitfalls, and Possible Alternatives," 2-4 March 2015.

[78] U.S. International Trade Commission, *Trade Facilitation in the East African Community: Recent Developments and Potential Benefits.* Investigation No. 332-530. USITC Publication No. 4335 (Washington, DC: United States International Trade Commission, July 2012), pp. xiv-xvi, 2-12-22.

undercut the chances of a Tanzanian EOI policy, and hindered Tanzania's efforts to evolve into a regional transport hub. Taking advantage of the African Growth and Opportunity Act (AGOA), Kenya became one of the major apparel exporters in Africa.[79] The competition posed by the more advanced Kenyan manufacturing sector also generated protectionist responses in Tanzania, both in the 1960s and in the post-2000 period. Since regional integration was bound to stimulate the influx of Kenyan manufactured products into the Tanzanian market, the Tanzanian authorities sought to limit this influx and/or to achieve monopoly status for certain Tanzanian industries within the EAC.[80] Under such conditions, Tanzania showed a certain reluctance to pursue East African integration in the sphere of concrete economic measures.[81] In 2000, it withdrew from COMESA (a step that the other EAC members did not take) but maintained its membership in SADC. While SADC has been a major source of Tanzanian imports since the 1990s, Tanzanian exports could not penetrate the SADC markets to any significant extent. Tanzanian exports to South Africa were dominated by mining products.[82] Under such circumstances, Tanzania's involvement in regional economic cooperation provided little stimulus to EOI.

In Angola, the relatively well developed transport infrastructure that existed in the late colonial era was greatly disrupted by the subsequent civil war, which also prevented cooperation with the most developed regional economy, South Africa. But even under peaceful conditions, the Angolan economy was less integrated into the Southern African region than Mozambique and Zambia were, and an EOI strategy oriented toward regional markets was never pursued. The food-processing industries created in the 1960s and early 1970s lacked an underdeveloped external hinterland comparable to Congo-Brazzaville's non-industrialized UDEAC partners, and thus they performed primarily an import-substituting role.[83] In the post-Cold War period, Angola, though a member of SADC, has been positively reluctant to broaden its trade with South Africa and other

---

[79] Tina Mangieri, "African Cloth, Export Production, and Secondhand Clothing in Kenya." Paper presented at the workshop "Clothing Europe: Comparative Perspectives on Trade Liberalization and Production Networks in the New European Clothing Industry." University of North Carolina at Chapel Hill, October 15-16 2004.

[80] Bhekithemba Richard Mngomezulu, "An Assessment of the Role Played by Political Leaders, Nationalism, and Sub-Nationalisms in the Establishment and Collapse of the East African Community, 1960-1977." M.A. thesis (Pretoria: University of South Africa, 2006), pp. 146-153; Donne van Engelen, Adam Szirmai, and Paul Lapperre, "Public Policy and Industrial Development of Tanzania, 1961-95," in Adam Szirmai, and Paul Lapperre (eds.), *The Industrial Experience of Tanzania* (Houndmills and New York: Palgrave, 2001), pp. 17-23, 32.

[81] Ahmed Salim and Aidan Eyakuze, "Tanzania and the East African Community: From Timid Defensiveness to Confident Engagement." Tanzania Country Level Knowledge Network Policy Brief No. 3 (2012). Accessed at: http://www.clknet.or.tz/wp-content/uploads/2012/05/PB3-EAC-integration.pdf

[82] Southern African Development Community, "Tanzania: Country Report." Accessed at: http://www.sadctrade.org/files/TPR%20Tanzania.pdf

[83] Thomas Colello (ed.), *Angola: A Country Study*. 3rd Edition (Washington, DC: Federal Research Division, Library of

SADC states. Angola was one of the few SADC members that did not join the SADC Free Trade Area. This attitude was based on the consideration that due to the scarcity of oil refineries in Southern Africa, SADC did not constitute a suitable market for Angola's oil exports, and thus the influx of South African manufactured goods would have created a massive trade deficit. Instead, the Angolan government oriented the country's foreign trade toward China, exchanging crude oil for cheap consumer goods. This alternative suited the oil sector and the elite groups involved in import trade but at least partly undercut the local light industries, to which Chinese competition posed at least as great a challenge as South African competition would have done. At the same time, the Angolan government raised tariffs and took other protectionist measures vis-à-vis its SADC partners.[84] Under such conditions, an EOI policy based on regional cooperation was hardly a viable option.

Surrounded by six other countries and deeply integrated in the regional trade networks but lacking either a well-developed transport infrastructure or a significant manufacturing capacity, resource-rich Guinea proved more able to provide its more industrialized neighbors (Senegal and Ivory Coast) with primary products than to process these goods, let alone pursue EOI.[85] Under the Sékou Touré regime, the low procurement prices paid by the government (including the state-owned food-processing factories) induced rural cultivators to export or smuggle their agricultural products to Senegal, the Ivory Coast, Sierra Leone, and Liberia.[86] The post-1984 increase of procurement prices alleviated this problem, but the deficiencies of the road network continued to pose a serious challenge. For instance, Southeast Guinean rubber producers found it easier to transport their rubber to Ivory Coast (where it was processed) than to the port of Conakry.[87] Due to the extensive formal and informal trade networks, the fledging manufacturing sector faced competition both from the cheaper imported goods and from the merchants who offered higher prices to rural cultivators than the factories did. These problems were even more

---

Congress, 1991), pp. 141-147.

[84] Louise Redvers, "Angola, the Reluctant SADC Trader." SAIIA Occasional Paper No. 152 (Braamfontein: South African Institute of International Affairs, August 2013).

[85] Amy Niang, "The (In)Commodities of Laissez-faire Integration: Trade and Mobility in a Cross-border Market," *African Studies*, Vol. 72, Issue 1 (April 2013), pp. 41-63.

[86] Alfred Waldstein *et al*., *Guinea: Social and Institutional Profile* (Conakry: U.S. Agency for International Development, 1991), pp. 45, 111-112, 129.

[87] United States International Trade Commission, *Export Opportunities and Barriers in African Growth and Opportunity Act-Eligible Countries*. Investigation No. 332-464. USITC Publication 3785 (Washington, DC: United States International Trade Commission, October 2005), pp. 3-38-39.

serious in Guinea-Bissau, which was similarly integrated into the Dakar-centered regional trade network and whose industrial sector was particularly underdeveloped.

In Zambia, a cotton-rich country possessing a potentially export-capable textile industry, geographical conditions created a situation in which EOI appeared as a less feasible alternative than the export of other goods. The logistical problems resulting from Zambia's landlocked position (high transportation costs and long transport time) adversely affected the competitiveness of its exports to European and American markets. In the sphere of copper exports, these disadvantages could be partly offset by Zambia's competitive advantages, since the country was one of the world's top copper producers. In the sphere of manufactured exports, however, Zambia faced too many competitors (in East and Southeast Asia, Eastern Europe, and elsewhere) that could gain access to West European markets more easily and at lower prices.[88] From this perspective, the neighboring economies in Southern Africa would have been more advantageous partners, but Zambia's chances to export manufactured goods to these countries were limited by other factors. During the Cold War, political obstacles (apartheid rule in South Africa and the conflicts in Rhodesia, Mozambique, and Angola) greatly hindered Zambia's economic interactions with the region. Since 1994 (when South Africa joined SADC), these political obstacles have mostly disappeared, but the reorientation of the Zambian economy toward the enlarged SADC (which absorbed 50% of Zambian exports by 2004) occurred in such a way that was not particularly favorable for an EOI strategy.[89] Since South African industry was far more developed than Zambia's fledging manufacturing sector, Zambian industrial products found it difficult to enter the South African domestic market, and they faced strong competition from South African products in third countries. The South African economy had a far greater demand for Zambian cotton lint than for Zambian textiles. In 2006, Zambia exported 90% of its cotton yarn production to South Africa, which, in turn, used it as inputs for its own textile industry and then exported cotton apparel to the U.S. under AGOA. South African textile imports from Zambia were also re-exported to the U.S under AGOA, rather than sold on the domestic market. In the less developed SADC countries, demand for Zambian textiles was even lower, and the quota that the South African Custom Union (SACU) offered for duty free access of Zambian cotton textiles was too low to warrant a meaningful growth in exports.[90] Zambia's other

---

[88] Regional Agricultural Trade Expansion Support Program, "Cotton – Textile-Apparel Value Chain Report: Zambia" (Nairobi: The RATES Center, August 2003), p. 24.
[89] Southern African Development Community, "Intra-SADC Trade Performance Review 2006: Zambia." Accessed at: http://www.sadctrade.org/files/Intra-SADC-trade-performance-review-2006-8-zambia.pdf
[90] "Cotton – Textile-Apparel Value Chain Report: Zambia," p. 8; "Intra-SADC Trade Performance Review 2006:

major exports to South Africa included copper wire, floricultural and horticultural products, sugar, tobacco and leather products.[91] Zambia's logistical disadvantages rendered the country an unsuitable location for South African outsourcing, let alone for an EOI policy based on imported raw materials. Within the region, South African investments were focused on neighboring Mozambique (US$ 700 million in 2002, as opposed to 15 million in Zambia), and occupied a particularly prominent place in Lesotho (86% of Lesotho's total FDI in 1994-2003, as opposed to Zambia's 29%).[92] Due to Lesotho's position as an enclave state surrounded by South Africa, Lesotho's EOI drive could also take advantage of South Africa's well-developed transport network.[93]

Ethiopia's modern transport infrastructure linked the country primarily to the Red Sea and the Middle East, rather than the country's East African neighbors (Somalia, Kenya, and Sudan). Nevertheless, these geographical opportunities were only partly reflected in the patterns of Ethiopian foreign trade. From the 1960s to the 1980s, Ethiopian exports (above all, coffee, hides, and skins) were oriented mostly toward the U.S. and European markets.[94] In this period, Ethiopian trade with the Middle East remained limited, not the least because of political obstacles (i.e., the adverse impact of the Arab-Israeli, Ethiopian-Eritrean, and Ethiopian-Somalian conflicts on Ethiopian-Arab relations). Since 1991, Ethiopian-Saudi Arabian economic relations have undergone rapid growth, and Saudi Arabia became one of the most important sources of FDI for Ethiopia. Nonetheless, manufactured goods did not exceed 10% of total Ethiopian exports to Saudi Arabia, and they were still dominated by processed rural products (food, leather, and shoes).[95] The composition of Ethiopian exports was shaped by the complementarity between the Middle Eastern and North African (MENA) countries' dependence on food imports and Ethiopia's agricultural potential. The MENA countries were interested primarily in certain specific types of Ethiopian agricultural products (such as coffee and meat), and thus their market gave only a limited stimulus

---

Zambia," p. 200; Samson Muradzikwa, "Textiles and Clothing in SADC: Key Issues and Policy Perspectives." DPRU Policy Brief No. 01/P20 (Cape Town: Development Policy Research Unit, University of Cape Town, 2001), p. 7.

[91] "Intra-SADC Trade Performance Review 2006: Zambia," pp. 193, 199.

[92] Sheila Page and Dirk Willem te Welde, "Foreign Direct Investment by African Countries." Papers prepared for InWent /UNCTAD meeting on FDI in Africa (UNECA, Addis Ababa, 2004), pp. 22, 32.

[93] United Nations Conference on Trade and Development, Investment Policy Review: Lesotho (United Nations: New York and Geneva: 2003), p. 50.

[94] Katalin Őze, *Csodálatos Etiópia* (Budapest: Közgazdasági és Jogi Könyvkiadó, 1968), pp. 252-253; *Africa South of the Sahara 1993*, p. 350.

[95] Abebe Alemu Melese, "Post-1991 Ethiopia and Saudi Arabia Economic Relations: Challenges and Opportunities of Trade and Agricultural Investment." M.A. thesis (Addis Ababa: Addis Ababa University, Department of Political Science and International Relations, May 2011), pp. 35-45.

to an Ethiopian EOI policy. Since 1993, Ethiopia has been a member of COMESA, but it did not join COMESA's Free Trade Area, partly because the free influx of manufactured goods from other COMESA members would have posed a challenge to its infant industries. Ethiopian exports to COMESA were oriented mainly toward a few Northeast African states (Egypt, Libya, and Djibouti) and dominated by agricultural goods.[96]

In the last analysis, it seems that none of the selected nine African countries could benefit from its regional economic environment in the same way as Vietnam did. In the post-1986 decades, the East and Southeast Asian countries played a decisive role in Vietnam's rapid economic development. Brian Van Arkadie and Raymond Mallon emphasized that "geographic proximity to high income, and/or rapidly growing, Asian economies" was an important factor in Vietnam's export-led growth, "as these countries are the major markets for Vietnamese exports. Japan was the major market for Vietnamese exports in 2001, followed by China, Australia, Singapore and the United States."[97] In 1995, Vietnam joined the Association of Southeast Asian Nations (ASEAN).[98] In the 1990s, Vietnamese exports to the five founding members of ASEAN (Indonesia, Malaysia, Thailand, Singapore, and the Philippines) exceeded 20% of total Vietnamese exports. The total share of East and Southeast Asia (Japan, South Korea, Taiwan, Hong Kong, China, and ASEAN) stood as high as 72.4% in 1991, and in 2003, it still exceeded 40%. In 1988-2003, the top five sources of FDI were Singapore, Taiwan, Japan, South Korea, and Hong Kong. In this period, East Asian countries accounted for 75.7% of the FDI-based projects.[99]

Vietnam's export-led growth was stimulated both by the strong Southeast Asian demand for Vietnamese agricultural products (including rice) and the investments that the more industrialized East and Southeast Asian countries (such as Japan, South Korea, Taiwan, and Singapore) made in Vietnam's EOI sector. As early as 1987 (i.e., at the start of Vietnam's reforms), Indonesian private companies expressed interest in importing soybeans, dry peas, peanuts, black pepper, chili, manioc,

---

[96] Tewodros Makonnen and Halellujah Lulie, "Ethiopia, Regional Integration and the COMESA Free Trade Area." SAIIA Occasional Paper No. 198 (Braamfontein: South African Institute of International Affairs, August 2014), pp. 17-21; Sandra Uwera *et al.* (eds.), *COMESA Trade Profile* (Geneva: International Trade Centre, May 2012), pp. 42-46.

[97] Van Arkadie and Mallon, *Vietnam: A Transition Tiger?*, p. 181.

[98] Allan E. Goodman, "Vietnam and ASEAN: Who Would Have Thought It Possible?," *Asian Survey*, Vol. 36, Issue 6 (1996), pp. 592-600.

[99] Vo Tri Thanh, Trinh Quang Long, and Dinh Hien Minh, "Vietnam's Regional Economic Linkages and Industrial Competitiveness: An Analysis and Case Studies of the Textile and Garments, Electronics and Automotive Industries." Research Paper (Manila: DLSU - Angelo King Institute for Economic and Business Studies - De La Salle University, 2005), pp. 8-11.

and handicrafts from Vietnam.[100] In 1988-1989, Thai entrepreneurs showed similar eagerness to purchase seafood, timber, and precious stones from Vietnam.[101] The long-term impact of this Southeast Asian demand may be gauged from the fact that in 2007, the four most important destinations of Vietnamese rice exports were the Philippines (44.24% of total rice exports), Indonesia (35.82%), Malaysia (11.03%), and Singapore (2.45%).[102] Notably, rice is a staple food for the Vietnamese urban and rural population, too, and thus the external demand for Vietnamese agricultural products did not lead to a unilateral emphasis on the cultivation of such export-oriented cash crops that did not make a significant contribution to the population's food supply.

The dynamic growth of Vietnamese rice exports to the other Southeast Asian countries stood in a marked contrast with the agricultural performance of the selected African countries. Some of these states (Mozambique and Congo-Brazzaville) were structurally dependent on food imports, while some others (Angola, Ethiopia, Guinea, Guinea-Bissau, and Tanzania) found themselves in this situation due to misguided policies or military conflicts.[103] Only Zambia managed to substantially reduce its earlier food deficit, while Benin more or less maintained a kind of equilibrium. In 2000-2005, only Guinea-Bissau was a net food exporter, while the other 8 countries were net food importers.[104] Only a few areas (Tanzania, Northern Zambia, and Northern Mozambique) were capable of producing a surplus of cereals for export to neighboring food-deficient countries. While Southern Mozambique imported grain from South Africa, the cereal imports of the other states originated mostly from non-regional sources.[105] For instance, Guinea and Guinea-Bissau imported rice from Asia, whereas the chief source of Congo-Brazzaville's food imports was Europe.[106] Actually, these problems were not confined to the selected countries; they were fairly common in Sub-Saharan Africa. In 2008, only 5% of the grain imported by African

---

[100] Hungarian Embassy to Vietnam, Report, 26 January 1988, MNL, XIX-J-1-j Vietnam, 1988, 103. doboz, 162-512, 00689/1988.

[101] Hungarian Embassy to Vietnam, Report, 30 April 1989, MNL, XIX-J-1-j Vietnam, 1989, 92. doboz, 10, 002238/1989.

[102] Export Promotion Center, "Report on Vietnamese Rice Sector" (Hanoi: Vietnam Trade Promotion Agency, 2008), pp. 31-32.

[103] Abreu, "Migration and development in contemporary Guinea-Bissau," p. 143; Kyle, "Economic Development in Angola and Mozambique;" Denise Wolter, "Tanzania – Why a Potential Food Exporter is Still Importing Food" (Paris: OECD Development Centre, 2010). Accessed at: http://www.oecd.org/dataoecd/35/33/41302291.pdf

[104] Manitra A. Rakotoarisoa, Massimo Iafrate, and Marianna Paschali, *Why Has Africa Become a Net Food Importer? Explaining Africa's Agricultural and Food Trade Deficits* (Rome: Food and Agricultural Organization of the United Nations, 2011), pp. 15-16.

[105] World Bank, *Africa Can Help Feed Africa: Removing barriers to regional trade in food staples* (Washington, DC: World Bank, 2012), pp. 5-6.

[106] Niang, "The (In)Commodities of Laissez-faire Integration," p. 51; Léonard Nkouka Safoulanitou and Mathias Marie Adrien Ndinga, "An Empirical Analysis of the Determinants of Food Imports in Congo." AERC Research Paper No.

countries originated from regional sources.[107] In countries like Angola, Congo-Brazzaville, and Guinea, the urban population became greatly accustomed to cheap imported cereals, and preferred them to local variants of cereals (which remained predominant in subsistence agriculture).[108] At the same time, certain cash crops (cashew nuts in Guinea-Bissau and Mozambique, sisal in Tanzania, and coffee in pre-1974 Angola) were produced mainly for export to non-regional markets (like Europe and India), rather than for domestic or regional consumption. This segmentation of agricultural production and food consumption seems to have hindered economic development, though the governments of the oil-rich countries (Angola and Congo-Brazzaville) must have found it more economical to import food than to invest in local food production.

In the sphere of industrial development, Vietnam could (and did) take advantage of the so-called Flying Geese Paradigm (FGP). In the 1980s, 1990s and 2000s, Japan and the first generation of the East and Southeast Asian Newly Industrialized Countries (NICs) were leaving certain labor-intensive industries in which they no longer had a comparative advantage, because their wages were far higher than the wage levels in less developed countries. These industries (above all, textiles, garments, and home electrical appliances) were gradually shifted to those Southeast and East Asian countries whose industrialization started later: first to Thailand and Malaysia, and later to China, Indonesia, and Vietnam. This relocation process was advantageous both to the Japanese and NIC companies (which could thus use Vietnam for outsourcing) and to the Vietnamese economy (which could thus obtain FDI). In essence, Vietnam replicated not only the industries described above but also their export-oriented nature, for the East Asian investors sought to use the country as an export platform. The latter consideration was particularly important in the field of textile and garment production, since the Multi-Fibre Arrangement (1974) created quotas for the various Asian exporting countries. If the NIC companies established factories in Vietnam, and exported their products as Vietnamese goods, they could avoid the restrictions imposed on their home countries and increase their sales (a practice known as "quota hopping").[109] As Brian Van Arkadie and Raymond Mallon pointed out,

195 (Nairobi: African Economic Research Consortium, 2010), p. 1.

[107] World Bank, *Africa Can Help Feed Africa*, p. 12.

[108] Safoulanitou and Ndinga, "An Empirical Analysis of the Determinants of Food Imports in Congo," p. 4; Mohamed Saliou Camara, *Political History of Guinea since World War Two* (New York: Peter Lang Publishing Inc., 2014), p. 152.

[109] Jean-Raphael Chaponnière and Jean-Pierre Cling, "Vietnam's Export-led Growth Model and Competition with China," *Économie internationale*, 118 (2009), p. 105; Jean-Raphael Chaponnière, Jean-Pierre Cling, and Bin Zhou, "Vietnam Following in China's Footsteps: The Third Wave of Emerging Asian Economies." UNU-WIDER Research Paper No. 2008/84 (Helsinki: United Nations University and World Institute for Development Economics Research, 2008), p. 1; Vo, Trinh, and Dinh, "Vietnam's Regional Economic Linkages," p. 13.

> What is striking about the Vietnamese experience with foreign investment […] is the degree to which it has helped promote new exporting activities, rather than producing import substitutes for the domestic market. This is partly because of the importance of investors from the region, whose main strategic interest is to produce for exporting to world markets. Thus, one powerful stimulus to foreign direct investment, particularly in the period 1990–97, was the conditions facing successful neighbours.[110]

Unfortunately for the selected African countries, the dominant economies of their respective regions were largely unsuited to initiate a FGP-type process of export-oriented industrialization in the semi-peripheral and peripheral countries. South Africa, the most industrialized country in Sub-Saharan Africa, was politically isolated from Angola, Mozambique, Tanzania, and Zambia for a long period. In response to the international economic sanctions, the apartheid regime opted for an autarkic, rather than export-oriented, model of industrial development, and the country's rich mineral resources also created a dependency on mineral exports. Since the 1990s, the South African authorities have considerably relaxed the protectionist measures taken in the earlier decades, and manufacturing displaced mining as the dominant export sector, but the country's textile and apparel sector (which would have been best suited to implement a FGP-type EOI process in the neighboring states) still played only a minor role in South African manufactured exports, especially if compared to chemicals, metals, and machinery. From 1970 to 2000, the share of textiles and apparel in total manufacturing exports consistently remained at the level of 3-6%. In the same period, the share of exports within the sector underwent a gradual increase, but in 2000, it still did not exceed 14%. Electronic products (which became an engine of growth in East and Southeast Asia, including Vietnam) were not present among South Africa's top 20 exports.[111]

The development of Nigeria, the largest economy in West Africa and Benin's most important regional partner, has been based primarily on oil exports. Its industrialization policies were of an import-substituting nature, based on oil revenues and supported by strong protectionist measures. In the 1980s, the fall of Nigeria's oil revenues led to a decrease in manufacturing production. By 1999, Nigeria's per capita manufacturing exports were one of the lowest in Africa. Even in the textile and garments sector, which had a relatively high level of exports, only a minority of firms exported their

---

[110] Van Arkadie and Mallon, *Vietnam: A Transition Tiger?*, p. 213.

[111] Lawrence Edwards and Phil Alves, "South Africa's Export Performance: Determinants of Export Supply." World Bank Africa Region Working Paper Series No. 95 (Washington, DC: World Bank, 2005), pp. 4-10, 18-19.

products, and specialized exporters were particularly rare.[112] Senegal, the commercial and transport hub of the region to which Guinea and Guinea-Bissau belonged, was one of the most industrialized states in West Africa, but its light industries (such as food processing and textiles) mostly produced goods for domestic consumption. Export-oriented production was most prominent in the chemical, petro-chemical, and fertilizer industries.[113] Senegal's textile industry was the most important in francophone Sub-Saharan Africa, but in 1985-1987, cotton yarns and fabrics constituted only 2.75-3.63% of total exports.[114] Accustomed to heavy protection, the textile sector underwent a decline after the post-1986 import liberalization. In the early 2000s, Senegal exported mostly domestically produced raw cotton, rather than textiles.[115] Unable to attract foreign outsourcing of clothing production, the country was even less able to perform outsourcing in its less developed neighbors, Guinea and Guinea-Bissau.

Similarly to Nigeria, several of Ethiopia's Middle Eastern and North African economic partners (Saudi Arabia and Libya) were mainly oil exporters, rather than textile or electronics exporters. Those MENA countries that exported textiles and clothes in substantial quantities (Egypt, Tunisia, and the United Arab Emirates) did not reach yet the stage of relocating a part of their production to less developed countries. In the UAE, textile production was a recent phenomenon based on the investments of East Asian companies that used the country as an export platform, while Egypt and Tunisia the textile and clothing industries continued to play a very important role in providing employment for the rapidly growing population.[116] These five countries were interested primarily in Ethiopia's agricultural products (coffee, meat, skins, hides, and live animals), and thus their demand for such products stimulated Ethiopia's agricultural and agro-industrial sectors, rather than the growth of non-traditional manufactured exports.

In UDEAC and EAC, the most industrialized member states (Congo-Brazzaville and Kenya, respectively) were specifically interested in pursuing an EOI strategy, but their efforts could not stimulate a FGP-type process of EOI in the less industrialized countries. Since their industrialization

---

[112] Måns Söderbom and Francis Teal, "The Performance of Nigerian Manufacturing Firms: Report on the Nigerian Manufacturing Enterprise Survey 2001." CSAE Report 2002-01 (Oxford: United Nations Industrial Development Organization and Centre for the Study of African Economies, University of Oxford, 2002), pp. 5-7, 33-35.
[113] Janet H. Gritzner, *Senegal* (Philadelphia: Chelsea House Publishers, 2005), pp. 87-88.
[114] *Africa South of the Sahara 1993*, pp. 711-716.
[115] Stephen Golub and Ahmadou Aly Mbaye, "Obstacles and Opportunities for Senegal's International Competitiveness: Case Studies of the Peanut Oil, Fishing and Textile Industries." World Bank Africa Region Working Paper Series No. 37 (Washington, DC: World Bank, 2002), pp. 2-7.
[116] Masakazu Someya, Hazem Shunnar, and T.G. Srinvasan, "Textile and Clothing Exports in MENA: Past Performance, Prospects and Policy Issues in Post-MFA Context." World Bank Middle East and North Africa Region Working Paper (Washington, DC: World Bank, 2002), pp. 4-8.

was still in an early stage, their principal objective was to enter the neighboring markets, rather than to relocate their production. Under the conditions of regional integration, capturing the neighboring markets seemed an easier option than to target the more competitive world market. Indeed, both Kenya and (before the upsurge of oil exports) Congo-Brazzaville had a consistently unfavorable trade balance with non-African countries but a favorable trade balance with their regional African partners. Paradoxically, this type of relationship created problems both for the less industrialized member states and the more industrialized ones. Anxious to limit the influx of Kenyan goods, Tanzania adopted a protectionist stance. Congolese industries remained dependent for their sales on the "captive" UDEAC market, and were unable to move upmarket. The Kenyan manufacturing sector did not become a major exporter of textiles and apparel to non-African markets until the early 2000s, when its EOI policy received a strong stimulus from the investments of Indian companies that sought to take advantage of AGOA.[117]

The examples of Kenya and Lesotho show that the obstacles created by the lack of suitable regional partners could be at least partially overcome by the influx of FDI from non-regional countries. In Lesotho, one of the most dynamic textile exporters in Sub-Saharan Africa, textile exports were wholly based on foreign (mostly Taiwanese and Chinese) investments.[118] In five of the selected African countries, the Chinese state as well as Chinese private companies similarly made investments in the (actually or potentially) export-capable light industries. Such projects were the Société des industries textiles du Bénin (SITEX) and the Compagnie béninoise de textile (CBT), which exported their products to India, Indonesia, Thailand, and Brazil; the investments that China's Huajian Group and Hong Kong's New Wing Group made in the Ethiopian leather manufacturing industry, with the aim of producing shoes for the European and U.S. markets; the jointly owned Tanzania Friendship Textile Mills (URAFIKI), which exported apparel to Europe; and the Zambia-China Mulungushi Textile Joint Venture Ltd. (ZCMT), which exported its products to the various Southern African countries.[119]

[117] Mangieri, "African Cloth, Export Production, and Secondhand Clothing in Kenya," pp. 5-6, 11.

[118] Sanjaya Lall, "FDI, AGOA and Manufactured Exports by a Landlocked, Least Developed African Economy: Lesotho," *The Journal of Development Studies*, Vol. 41, Issue 6 (August 2005), pp. 998-1022; Sebabatso Manoeli, "Lesotho after AGOA: From textile booms to sustainable development." Discussion Paper 6/2012 (Johannesburg: The Brenthurst Foundation, 2012).

[119] Programme de Promotion du Commerce Sud-Sud, *Benin*, pp. 8-10; Brautigam, McMillan, and Tang, "The Role of Foreign Investment in Ethiopia's Leather Value Chain," pp. 2-3; H.P.B. Moshi and J.M. Mtui, "Scoping Studies on China-Africa Economic Relations: The Case of Tanzania." Report submitted to AERC (Nairobi: African Economic Research Consortium, 2008), p. 18; Ina Eirin Eliassen, "Chinese Investors: Saving the Zambian Textile and Clothing Industry?" (Stellenbosch: Stellenbosch University, Center for Chinese Studies, 2012), pp. 36-37.

Nevertheless, the geographical distance between China and Africa, coupled with the high number of potential African FDI destinations, seems to have increased the likelihood that Chinese investors would concentrate on certain selected countries and pay less attention to others. In 2004-2010, none of the 9 countries under analysis belonged to those African states where Chinese FDI exceeded $1 billion. Zambia was in the category of over $500 million; Angola, Congo-Brazzaville, Ethiopia, and Tanzania in the category of $100-500 million; Benin, Guinea, and Mozambique in the category of below $100 million; and Guinea-Bissau in the category of below $1 million. China created Special Economic Zones (SEZ) in Ethiopia (Oriental SEZ) and Zambia (the Chambishi and Lusaka SEZs) but not in the other 7 countries. Dannenberg, Kim, and Schiller made the following observations about the patterns of Chinese economic involvement:

> While African host countries of Chinese SEZs differ strongly in their location factors, their market is either characterised by a comparatively high development stage for African standards (Mauritius, Egypt, Algeria) or strong economic growth (Nigeria, Ethiopia, Zambia). Resource seeking is still an important motive for Chinese FDI in Nigeria (oil) and Zambia (copper), but production plants for consumer goods (example home appliances, textiles) and investment goods (machinery, construction materials) emerged more recently. […] Except for Mauritius and Zambia, all zones are located in countries with large populations and high regional political importance.[120]

Due to China's strong demand for oil, minerals, and other raw materials, in the resource-rich African countries Chinese investments were concentrated in the extractive industries (Angola: oil and diamonds; Congo-Brazzaville: oil and timber; Guinea: bauxite; Mozambique; coal and timber; Zambia: copper), rather than in manufacturing.[121] In Guinea, recent Chinese investments were wholly confined to the mining sector.[122] Of the aforesaid five countries, it occurred only in Zambia that China made substantial efforts to develop the local textile and garment industry. Still, China's growing demand for copper led to an upsurge in Zambian copper exports, which in turn caused an appreciation of the exchange rate, and thus hindered the growth of manufactured exports. In Mozambique, the "Dutch disease" effect of resource exports was expected to make the imported

---

[120] Peter Dannenberg, Yejoo Kim, and Daniel Schiller, "Chinese Special Economic Zones in Africa a new species of globalization?" *African East-Asian Affairs: The China Monitor*, Issue 2 (June 2013), pp. 8-9.

[121] Jose de Assuncao Sambo Tomas, "Agriculture as a Tool for Development in Angola," *African Journal of Agricultural Research*, Vol. 8, Issue 50 (December 2013), pp. 6647-6648; International Monetary Fund, "Republic of Congo." IMF Country Report No. 14/272 (Washington, DC: International Monetary Fund, 2014), p. 9; David Alexander Robinson, "Chinese Engagement with Africa: The Case of Mozambique," *Portuguese Journal of International Affairs*, No. 6 (Spring/Summer 2012), p. 8.

[122] Cullen S. Hendrix, "Chinese Investment in Bauxite and Alumina: How Credible Are Promises of Processing Development?" (Washington, DC: Peterson Institute of International Economics, 2014), p. 16.

Chinese manufactured products even cheaper than before, thus creating strong competition to local manufacturers. Since Zambian, Mozambican, and Beninese textile production was extensively based on domestically produced cotton, China's strong demand for cotton potentially clashed with the interests of local textile factories. All three countries exported cotton to China in substantial quantities.[123] In Benin, Chinese efforts to create joint ventures in the textile industry (SITEX and CBT) were offset by the massive influx of Chinese textile products, resulting in the collapse of both ventures.[124] Thus if a high level of resource dependency (which, as noted earlier, usually hindered EOI) did already exist in a country, Chinese economic involvement tended to reinforce this problem, rather than to alleviate it.

Notably, the post-2012 rehabilitation of a long-stagnant Angolan textile mill (Africa Textil) was financed by the Japanese Bank for International Cooperation, rather than China.[125] In Mozambique, the export-oriented garment factory Moztex was operated by the Aga Khan Development Network and targeted the South African, European, and U.S. markets, though it imported its raw materials from China.[126] Several of the export-capable industrial enterprises enumerated before (URAFIKI in Tanzania and ZCMT in Zambia) had been built in the course of China's pre-1980 aid programs, and their post-1990 rehabilitation was also carried out with the direct involvement of the Chinese state. For instance, the Mulungushi textile factory was transformed into a Zambian-Chinese joint venture on the suggestion of Chinese Vice-Premier Zhu Rongji, and the investment was provided by a Chinese SOE, the Qingdao Textile Corporation.[127] That is, these projects were at least partly politically motivated, and they did not necessarily indicate a comparably strong interest on the part of Chinese private companies.

---

[123] Eliassen, "Chinese Investors," pp. 13, 22-23; Robinson, "Chinese Engagement with Africa," p. 8; Lynn Salinger and Caroline Ennis, "Manufacturing in Mozambique: What Are the Potential Impacts of the Resource Boom on the Competitiveness of the Manufacturing Sector?" Report for Mozambique Support Program for Economic and Enterprise Development (Washington, DC: United States Agency for International Development, October 2014), pp. 23-24; United States International Trade Commission, *Export Opportunities and Barriers*, p. 5-7.

[124] Dirk Kohnert, "Are the Chinese in Africa More Innovative than the Africans? Comparing Chinese and Nigerian Entrepreneurial Migrants' Cultures of Innovation." GIGA Working Papers No. 140 (Hamburg: German Institute of Global and Area Studies, 2010), p. 18.

[125] "Angolan textile mill to resume production after 14 years," 27 August 2014. Accessed at: http://www.fibre2fashion.com/news/textile-news/angola/newsdetails.aspx?news_id=167207

[126] "Mozambique to start exporting textiles to the United States," 19 April 2011. Accessed at: http://www.macauhub.com.mo/en/2011/04/19/mozambique-to-start-exporting-textiles-to-the-united-states/

[127] Eliassen, "Chinese Investors," p. 37.

Indeed, China's increasing or decreasing readiness to invest in African EOI projects was strongly influenced by shifts in the global market environment. For instance, the period of 2000-2004 was especially favorable for Chinese investments in export-oriented African textile and clothing industries, because AGOA, approved by the U.S. Congress in May 2000, facilitated the entry of their products into the U.S. market, while the MFA, which created quotas for developing countries (and thus protected them from Chinese, Indian, and NIC competition), was still in force. Under such conditions, it was advantageous for Chinese companies to relocate their production to AGOA-eligible African countries, and use the latter as export platforms. By 1 January 2005, however, the new rules of the World Trade Organization (WTO) eliminated the MFA quotas, and thus partly eroded the special advantages hitherto enjoyed by the African countries. In response, many Chinese companies implemented a new phase of relocation, this time back to China. Combined with China's entry to WTO, the elimination of the textile and clothing quotas also exposed African textile and garment producers to sharper competition from China. In Lesotho, an initially successful case of African EOI, 6 of the country's 50 clothing factories closed by the end of 2004. Due to shortfalls in export orders, the surviving plants also placed many of their workers on short-term work.[128] Thus Lesotho's case demonstrated not only the advantages but also the risks of FDI-dependent EOI. If a country's development was fueled nearly exclusively by non-regional foreign investments and it relied primarily on export sales, it could be gravely affected by the volatility of the global export markets unless it had a competitive edge in high technologies and a capability to adapt to the new conditions. The labor-intensive nature of the garment industry and the movability of its equipment implied that clothing factories could be easily established in the African LDCs, but then they could be just as easily relocated again.

Interestingly, Vietnam was less adversely affected by the elimination of MFA quotas and China's admission to WTO than the African countries were. For instance, in 2005 Lesotho's textile and garment exports to the U.S. and the EU decreased by 14.4 and 25%, respectively. In contrast, Vietnamese textile and garment exports to the same countries actually increased by 24.5 and 8.7%, respectively.[129] The factors behind Vietnam's more favorable performance seem to have been the following: (1) In Vietnam's relatively diversified export structure, textiles and clothes occupied a

[128] Gumisai Mutume, "Loss of textile market costs African jobs: Diversification, efficiency hold key for economic recovery," *Africa Renewal*, April 2006, pp. 18-19.

major position (18% of total merchandise exports in 2003) but not a predominant one (in Lesotho, their share was 65% in 2003).[130] This situation probably lessened Vietnam's vulnerability. (2) Vietnamese textile and garment production was based mainly on imported raw materials (e.g., cotton), instead of domestic cotton cultivation. The import-dependent nature of these industries did carry various risks (such as high import costs caused by the low exchange rate of the Vietnamese currency), but the country was not affected by such conflicts of interests that pitted domestic cotton cultivators and cotton trading networks against domestic textile producers in Benin, Mozambique, and Zambia. China's strong demand for cotton yarns enabled Vietnam to expand its yarn spinning sector (which used imported cotton), whereas in the three African countries, Chinese demand stimulated raw cotton exports.[131] (3) The Vietnamese textile and garment industries were not excessively dependent on the investments of non-regional private companies. Private FDI was provided mainly by East Asian countries (South Korea, Taiwan, Hong Kong, and Japan), which in turn often relied on Vietnamese subcontractors.[132] As John Thoburn pointed out, the Vietnamese textile and clothing sector

> has a more complex industrial structure than those of other new entrants to the global market like Cambodia or Lesotho. State owned enterprises ('SOEs') comprised 25 per cent of Vietnam's garment output in 2004, while the domestic private sector comprised 35 per cent and the foreign-owned sector 40 per cent, although the domestic private sector was underrepresented in its share of exports.[133]

In the last analysis, one may draw the following conclusions:

Of the selected African economies, Angola and Congo-Brazzaville were particularly extreme cases of structural inflexibility. Despite their initially favorable conditions (Angola's agricultural export capacity, and Congo-Brazzaville's unusually developed manufacturing sector, good infrastructure, and readiness to pursue a regionally oriented EOI strategy), their export composition failed to undergo a process of diversification. On the contrary, they became increasingly reliant on

---

[129] Thoburn, "Vietnam and the End of the Multi-fibre Arrangement," pp. 102-103.
[130] Ibid., p. 95.
[131] Truong Minh Dao, "Vietnam: Cotton and Products Annual Commodity Report." Global Agricultural Information Network Report No. VM4016 (Washington, DC: United States Department of Agriculture, Foreign Agricultural Service, April 2014).
[132] Tran, "Vietnamese Textile and Garment Industry in the Global Supply Chain," p. 125.
[133] Thoburn, "Vietnam and the End of the Multi-fibre Arrangement," p. 97.

oil exports, and their initial capability to export agricultural and manufactured goods was gradually lost, not the least because of the "Dutch disease" effect of the oil booms. This dependency was not significantly affected by the international oil price fluctuations. In contrast, Vietnam's oil exports, significant as they were, never dominated the country's export structure to a comparable extent. Thus Vietnam could draw considerable benefits from its hydrocarbon resources (which attracted substantial quantities of FDI in the take-off period, and thus boosted economic growth), but it managed to avoid excessive resource dependency. This contrast between Vietnam and the aforesaid two African countries indicates that a country's high dependency on oil exports is likely to hinder EOI. In other words, the Vietnamese model of EOI seems to be most applicable to those countries whose economic structure is relatively diversified and which are not over-dependent on hydrocarbon exports. In such countries where oil exports played a dominant role, it was not fully impossible to implement an EOI strategy (see the experiences of the United Arab Emirates), but the specific lessons of the Vietnamese case were only marginally relevant. Still, the development of Vietnam does demonstrate the benefits of diversification.

The examples of Benin, Congo-Brazzaville, and Mozambique show that a country's advantageous location and relatively developed transport infrastructure can at least potentially facilitate EOI, but the specific form of this EOI process will be shaped by the peculiarities of the regional economic environment. If the region's dominant economy prefers to pursue an ISI policy or a regionally oriented EOI strategy, rather than an EOI strategy focused on non-regional markets, it will be unable to stimulate a "flying geese" process in the neighboring countries, and the latter's EOI policies will remain of a limited scope (see, for instance, the development of aluminum smelting in Mozambique). Thus the development of Nigeria and South Africa (both of which were resource-rich countries with a penchant for ISI) did not stimulate EOI in Benin and Mozambique in the same way as the outsourcing efforts of Japan, South Korea, Taiwan, and Singapore boosted Vietnam's EOI strategy.

The contrast between landlocked Zambia and the aforesaid coastal countries (Benin, Congo-Brazzaville, and Mozambique) does demonstrate the advantages of favorable location and a good transport system. Similarly, the contrast between Guinea's serious power supply constraints (which prevented the country from building an aluminum smelter, and compelled it to export bauxite and alumina instead) and the availability of cheap electricity in Mozambique (which enabled MOZAL to construct an aluminum smelter) reveals the importance of developing the energy sector. In virtually every selected African country (including the oil-rich ones), shortages of

electricity seriously hampered the development of the manufacturing sector. Due to the unreliability of power supply, "two-thirds of Angolan businesses are estimated to rely on their own generators, which greatly increases production costs. High operating costs hurt the competitiveness of Angolan companies and delay the development of local industry."[134] In the light of these experiences, the development of the transport infrastructure and the energy sector seem to be important aspects of a successful EOI strategy, all the more so because the deficiencies of the local infrastructure are likely to dissuade foreign companies from investing in a particular country if there are other, more favorable destinations in the regional neighborhood. In Vietnam, the initial phase of economic recovery (1988-1990) was indeed facilitated by the improvement of electric power supply, which in turn resulted largely from the completion of the gigantic Hoa Binh hydropower dam.[135] During the following decades, the Vietnamese government made strong and consistent efforts to develop the country's infrastructure, which must have made a positive contribution to economic development in general and to export growth in particular.

Nevertheless, the development of human infrastructure seems to have been even more important than the development of the physical infrastructure. In the sphere of transport and communications infrastructure, Vietnam's advantage over the selected African countries was less pronounced than in the field of education (and especially technical education). Actually, Vietnam's physical infrastructure is still plagued by serious problems, such as limited road transport capacity, obsolete railways, congested harbors, and so on. These deficiencies are widely regarded as a major obstacle to further development. The overall quality of Vietnamese infrastructure is far lower than that of the East and Southeast Asian NICs. Out of 133 countries surveyed in 2009-2010, Vietnam ranked only 111th, whereas Singapore, Thailand, and Malaysia ranked 2nd, 27th, and 41st, respectively.[136] While Vietnam's rating in the World Bank's Logistics Performance Index (2.68 in 2012) was higher than that of the selected African countries (Angola: 2.48; Benin: 2.57; Congo-Brazzaville: 1.27; Ethiopia: 2.22; Guinea: 2.34; Guinea-Bissau: 2.68; Mozambique: 2.15

[134] Estefania Jover, Anthony Lopes Pinto, and Alexandra Marchand, "Angola Private Sector Country Profile" (Tunis: African Development Bank, September 2012), p. 18.

[135] Hungarian Embassy to Vietnam, Report, 10 January 1989, MNL, XIX-J-1-j Vietnam, 1989, 92. doboz, 162-50, 00778/1989; Hungarian Embassy to the SRV, Ciphered Telegram, 23 March 1989, MNL, XIX-J-1-j Vietnam, 1989, 92. doboz, 162-1, 001860/1989.

[136] Giang Dang and Low Sui Pheng, *Infrastructure Investments in Developing Economies: The Case of Vietnam* (Singapore: Springer, 2015), pp. 95-98.

[2014]; Tanzania: 2.41; Zambia: 2.31 [2014]), this advantage was relatively marginal.[137] In contrast, Vietnam's literacy rate considerably surpassed every selected African country's as early as the 1980s. This suggests that the development of education is a highly important precondition of modernization and a sustained EOI strategy. While the first stages of EOI can be implemented in countries of limited educational capacity, too (see the example of Lesotho), such a social environment is unsuitable for gradual technological upgrading and the step-by-step introduction of new industries.

For these reasons, it appears to be advantageous if the state is able to play a constructive role in the development of the education system and the infrastructure. The contrast between Vietnam's "developmental state" and the usually weak and/or predatory African states was very pronounced, even if certain African states made significant efforts to develop education (Tanzania, Zambia) or to build a new and more extensive transport infrastructure (post-1991 Ethiopia). The abrupt and drastic deregulation and import liberalization programs that were implemented in virtually every selected African country in the 1990s seem to have yielded less result than the gradualist approach of Vietnam (which had much in common with the earlier practices of South Korea, Taiwan, and China). The relatively diversified structure of the Mozambican and Tanzanian economies, and their pre-1990 industrial capacity, constituted important advantages, but these advantages were greatly offset by the adverse effects of sudden import liberalization. Nevertheless, it is somewhat doubtful if Vietnam's gradualist approach would have been fully applicable to the African countries. At the start of *doi moi*, Vietnam's external debt was rather significant, but since Hanoi owed this debt to the USSR (Russia), rather than to the IFIs or Western countries, its reform program was less subjected to the guidelines and demands of the IFIs than the economic policies of those African countries that had to obtain credits from the IFIs.

---

[137] "World Bank Data. Indicators. Logistics performance index: Quality of trade and transport-related infrastructure (1=low to 5=high)." Accessed at: http://data.worldbank.org/indicator/LP.LPI.INFR.XQ

Working Paper Series

Category	*Serial #*	*Author*	*Title*
Working Paper	99-01	Se-Il Park	Labor Market Policy and The Social Safety Net in Korea: After 1997 Crisis
Working Paper	99-02	Sang-Woo Nam	Korea's Economic Crisis and Corporate Governance
Working Paper	99-03	Sangmoon Hahm	Monetary Bands and Monetary Neutrality
Working Paper	99-04	Jong-Il You Ju-Ho Lee	Economic and Social Consequences of globalization: The Case of South Korea
Working Paper	99-05	Sang-Woo Nam	Reform of the Financial Sector in East Asia
Working Paper	99-06	Hun-Joo Park	Dirigiste Modernization, Coalition Politics, and Financial Policy Towards Small Business: Korea, Japan, and Taiwan Compared
Working Paper	99-07	Kong-Kyun Ro	Mother's Education and Child's Health: Economic Anlaysis of Korean Data
Working Paper	99-08	Euysung Kim	Trade Liberalization and Productivity Growth in Korean Manufacturing Industries: Price Protection, Market Power, and Scale Efficiency
Working Paper	99-09	Gill-Chin Lim	Global Political-Economic System and Financial Crisis: Korea, Brazil and the IMF
Working Paper	99-10 (C99-01)	Seung-Joo Lee	LG Household & Health Care: Building a High-Performing Organization
Working Paper	00-01	Sangmoon Hahm Kyung-Soo Kim Ho-Mou Wu	Gains from Currency Convertibility: A Case of Incomplete Markets
Working Paper	00-02	Jong-Il You	The Bretton Woods Institutions: Evolution, Reform and Change
Working Paper	00-03	Dukgeun Ahn	Linkages between International Financial and Trade Institutions: IMF, World Bank and WTO
Working Paper	00-04	Woochan Kim	Does Capital Account Liberalization Discipline Budget Deficit?
Working Paper	00-05	Sunwoong Kim Shale Horowitz	Public Interest "blackballing" in South Korea's Elections: One-Trick Pony, or Wave of the Future?
Working Paper	00-06	Woochan Kim	Do Foreign Investors Perform Better than Locals? Information Asymmetry versus Investor Sophistication
Working Paper	00-07	Gill-Chin Lim Joon Han	North-South Cooperation for Food Supply: Demographic Analysis and Policy Directions
Working Paper	00-08 (C00-01)	Seung-Joo Lee	Strategic Newspaper Management: Case Study of Maeil Business
Working Paper	01-01	Seung-Joo Lee	Nokia: Strategic Transformation and Growth
Working Paper	01-02	Woochan Kim Shang-Jin Wei	Offshore Investment Funds: Monsters in Emerging Markets?
Working Paper	01-03	Dukgeun Ahn	Comparative Analysis of the SPS and the TBT Agreements
Working Paper	01-04	Sunwoong Kim Ju-Ho Lee	Demand for Education and Developmental State: Private Tutoring in South Korea
Working Paper	01-05	Ju-Ho Lee Young-Kyu Moh Dae-Il Kim	Do Unions Inhibit Labor Flexibility? Lessons from Korea
Working Paper	01-06	Woochan Kim Yangho Byeon	Restructuring Korean Bank's Short-Term Debts in 1998 - Detailed Accounts and Their Implications -
Working Paper	01-07	Yoon-Ha YOO	Private Tutoring as Rent Seeking Activity Under Tuition Control

*** The above papers are available at KDI School Website <http://www.kdischool.ac.kr/new/eng/faculty/working.jsp>. You may get additional copy of the documents by downloading it using the Acrobat Reader.**

Working Paper Series

Category	*Serial #*	*Author*	*Title*
Working Paper	01-08	Kong-Kyun Ro	경제활동인구 변동의 요인분석: 선진국과의 비교분석
Working Paper	02-01	Sangmoon Hahm	Restructuring of the Public Enterprise after the Crisis: The Case of Deposit Insurance Fund
Working Paper	02-02	Kyong-Dong KIM	The Culture of Industrial Relations in Korea: An alternative Sociological Approach
Working Paper	02-03	Dukgeun Ahn	Korean Experience of the Dispute Settlement in the world Trading System
Working Paper	02-04	BERNARD S. BLACK Hasung Jang Woochan Kim	Does Corporate Governance Matter? (Evidence from the Korean Market)
Working Paper	02-05	Sunwoong Kim Ju-Ho Lee	Secondary School Equalization Policies in South Korea
Working Paper	02-06	Yoon-Ha YOO	Penalty for Mismatch Between Ability and Quality, and School Choice
Working Paper	02-07	Dukgeun Ahn Han-Young Lie	Legal Issues of Privatization in Government Procurement Agreements: Experience of Korea from Bilateral and WTO Agreements
Working Paper	02-08	David J. Behling Kyong Shik Eom	U.S. Mortgage Markets and Institutions and Their Relevance for Korea
Working Paper	03-01	Sang-Moon Hahm	Transmission of Stock Returns and Volatility: the Case of Korea
Working Paper	03-02	Yoon Ha Yoo	Does Evidentiary Uncertainty Induce Excessive Injurer Care?
Working Paper	03-03	Yoon Ha Yoo	Competition to Enter a Better School and Private Tutoring
Working Paper	03-04	Sunwoong Kim Ju-Ho Lee	Hierarchy and Market Competition in South Korea's Higher Education Sector
Working Paper	03-05	Chul Chung	Factor Content of Trade: Nonhomothetic Preferences and "Missing Trade"
Working Paper	03-06	Hun Joo Park	RECASTING KOREAN *DIRIGISME*
Working Paper	03-07	Taejong Kim Ju-Ho Lee Young Lee	Mixing *versus* Sorting in Schooling: Evidence from the Equalization Policy in South Korea
Working Paper	03-08	Naohito Abe	Managerial Incentive Mechanisms and Turnover of Company Presidents and Directors in Japan
Working Paper	03-09	Naohito Abe Noel Gaston Katsuyuki Kubo	EXECUTIVE PAY IN JAPAN: THE ROLE OF BANK-APPOINTED MONITORS AND THE MAIN BANK RELATIONSHIP
Working Paper	03-10	Chai-On Lee	Foreign Exchange Rates Determination in the light of Marx's Labor-Value Theory
Working Paper	03-11	Taejong Kim	Political Economy and Population Growth in Early Modern Japan
Working Paper	03-12	Il-Horn Hann Kai-Lung Hui Tom S. Lee I.P.L. Png	Direct Marketing: Privacy and Competition
Working Paper	03-13	Marcus Noland	RELIGION, CULTURE, AND ECONOMIC PERFORMANCE
Working Paper	04-01	Takao Kato Woochan Kim Ju Ho Lee	EXECUTIVE COMPENSATION AND FIRM PERFORMANCE IN KOREA
Working Paper	04-02	Kyoung-Dong Kim	Korean Modernization Revisited: An Alternative View from the Other Side of History

*** The above papers are available at KDI School Website <http://www.kdischool.ac.kr/new/eng/faculty/working.jsp>.**
You may get additional copy of the documents by downloading it using the Acrobat Reader.

Working Paper Series

Category	Serial #	Author	Title
Working Paper	04-03	Lee Seok Hwang	Ultimate Ownership, Income Management, and Legal and Extra-Legal Institutions
Working Paper	04-04	Dongsoo Kang	Key Success Factors in the Revitalization of Distressed Firms: A Case of the Korean Corporate Workouts
Working Paper	04-05	Il Chong Nam Woochan Kim	Corporate Governance of Newly Privatized Firms: The Remaining Issues in Korea
Working Paper	04-06	Hee Soo Chung Jeong Ho Kim Hyuk Il Kwon	Housing Speculation and Housing Price Bubble in Korea
Working Paper	04-07	Yoon-Ha Yoo	Uncertainty and Negligence Rules
Working Paper	04-08	Young Ki Lee	Pension and Retirement Fund Management
Working Paper	04-09	Wooheon Rhee Tack Yun	Implications of Quasi-Geometric Discountingon the Observable Sharp e Ratio
Working Paper	04-10	Seung-Joo Lee	Growth Strategy: A Conceptual Framework
Working Paper	04-11	Boon-Young Lee Seung-Joo Lee	Case Study of Samsung's Mobile Phone Business
Working Paper	04-12	Sung Yeung Kwack Young Sun Lee	What Determines Saving Rate in Korea?: the Role of Demography
Working Paper	04-13	Ki-Eun Rhee	Collusion in Repeated Auctions with Externalities
Working Paper	04-14	Jaeun Shin Sangho Moon	IMPACT OF DUAL ELIGIBILITY ON HEALTHCARE USE BY MEDICARE BENEFICIARIES
Working Paper	04-15	Hun Joo Park Yeun-Sook Park	Riding into the Sunset: The Political Economy of Bicycles as a Declining Industry in Korea
Working Paper	04-16	Woochan Kim Hasung Jang Bernard S. Black	Predicting Firm's Corporate Governance Choices: Evidence from Korea
Working Paper	04-17	Tae Hee Choi	Characteristics of Firms that Persistently Meet or Beat Analysts' Forecasts
Working Paper	04-18	Taejong Kim Yoichi Okita	Is There a Premium for Elite College Education: Evidence from a Natural Experiment in Japan
Working Paper	04-19	Leonard K. Cheng Jae Nahm	Product Boundary, Vertical Competition, and the Double Mark-up Problem
Working Paper	04-20	Woochan Kim Young-Jae Lim Taeyoon Sung	What Determines the Ownership Structure of Business Conglomerates?: On the Cash Flow Rights of Korea's Chaebol
Working Paper	04-21	Taejong Kim	Shadow Education: School Quality and Demand for Private Tutoring in Korea
Working Paper	04-22	Ki-Eun Rhee Raphael Thomadsen	Costly Collusion in Differentiated Industries
Working Paper	04-23	Jaeun Shin Sangho Moon	HMO plans, Self-selection, and Utilization of Health Care Services
Working Paper	04-24	Yoon-Ha Yoo	Risk Aversion and Incentive to Abide By Legal Rules
Working Paper	04-25	Ji Hong Kim	Speculative Attack and Korean Exchange Rate Regime
Working Paper	05-01	Woochan Kim Taeyoon Sung	What Makes Firms Manage FX Risk? : Evidence from an Emerging Market
Working Paper	05-02	Janghyuk Lee Laoucine Kerbache	Internet Media Planning: An Optimization Model
Working Paper	05-03	Kun-Ho Lee	Risk in the Credit Card Industry When Consumer Types are Not Observable
Working Paper	05-04	Kyong-Dong KIM	Why Korea Is So Prone To Conflict: An Alternative Sociological Analysis

*** The above papers are available at KDI School Website <http://www.kdischool.ac.kr/new/eng/faculty/working.jsp>.**
You may get additional copy of the documents by downloading it using the Acrobat Reader.

Working Paper Series

Category	*Serial #*	*Author*	*Title*
Working Paper	05-05	Dukgeun AHN	Why Should Non-actionable Subsidy Be Non-actionable?
Working Paper	05-06	Seung-Joo LEE	Case Study of L'Oréal: Innovation and Growth Strategy
Working Paper	05-07	Seung-Joo LEE	Case Study of BMW: The Ultimate Driving Machine
Working Paper	05-08	Taejong KIM	Do School Ties Matter? Evidence from the Promotion of Public Prosecutors in Korea
Working Paper	05-09	Hun Joo PARK	Paradigms and Fallacies: Rethinking Northeast Asian Security
Working Paper	05-10	WOOCHAN KIM TAEYOON SUNG	What Makes Group-Affiliated Firms Go Public?
Working Paper	05-11	BERNARD S. BLACK WOOCHAN KIM HASUNG JANG KYUNG-SUH PARK	Does Corporate Governance Predict Firms' Market Values? Time Series Evidence from Korea
Working Paper	05-12	Kun-Ho Lee	Estimating Probability of Default For the Foundation IRB Approach In Countries That Had Experienced Extreme Credit Crises
Working Paper	05-13	Ji-Hong KIM	Optimal Policy Response To Speculative Attack
Working Paper	05-14	Kwon Jung Boon Young Lee	Coupon Redemption Behaviors among Korean Consumers: Effects of Distribution Method, Face Value, and Benefits on Coupon Redemption Rates in Service Sector
Working Paper	06-01	Kee-Hong Bae Seung-Bo Kim Woochan Kim	Family Control and Expropriation of Not-for-Profit Organizations: Evidence from Korean Private Universities
Working Paper	06-02	Jaeun Shin	How Good is Korean Health Care? An International Comparison of Health Care Systems
Working Paper	06-03	Tae Hee Choi	Timeliness of Asset Write-offs
Working Paper	06-04	Jin PARK	Conflict Resolution Case Study: The National Education Information System (NEIS)
Working Paper	06-05	YuSang CHANG	DYNAMIC COMPETITIVE PARADIGM OF MANAGING MOVING TARGETS; IMPLICATIONS FOR KOREAN INDUSTY
Working Paper	06-06	Jin PARK	A Tale of Two Government Reforms in Korea
Working Paper	06-07	Ilho YOO	Fiscal Balance Forecast of Cambodia 2007-2011
Working Paper	06-08	Ilho YOO	PAYG pension in a small open economy
Working Paper	06-09	Kwon JUNG Clement LIM	IMPULSE BUYING BEHAVIORS ON THE INTERNET
Working Paper	06-10	Joong H. HAN	Liquidation Value and Debt Availability: An Empirical Investigation
Working Paper	06-11	Brandon Julio, Woojin Kim Michael S. Weisbach	Uses of Funds and the Sources of Financing: Corporate Investment and Debt Contract Design
Working Paper	06-12	Hun Joo Park	Toward People-centered Development: A Reflection on the Korean Experience
Working Paper	06-13	Hun Joo Park	The Perspective of Small Business in South Korea
Working Paper	06-14	Younguck KANG	Collective Experience and Civil Society in Governance
Working Paper	06-15	Dong-Young KIM	The Roles of Government Officials as Policy Entrepreneurs in Consensus Building Process
Working Paper	06-16	Ji Hong KIM	Military Service : draft or recruit

*** The above papers are available at KDI School Website <http://www.kdischool.ac.kr/new/eng/faculty/working.jsp>. You may get additional copy of the documents by downloading it using the Acrobat Reader.**

Working Paper Series

Category	*Serial #*	*Author*	*Title*
Working Paper	06-17	Ji Hong KIM	Korea-US FTA
Working Paper	06-18	Ki-Eun RHEE	Reevaluating Merger Guidelines for the New Economy
Working Paper	06-19	Taejong KIM Ji-Hong KIM Insook LEE	Economic Assimilation of North Korean Refugees in South Korea: Survey Evidence
Working Paper	06-20	Seong Ho CHO	ON THE STOCK RETURN METHOD TO DETERMINING INDUSTRY SUBSTRUCTURE: AIRLINE, BANKING, AND OIL INDUSTRIES
Working Paper	06-21	Seong Ho CHO	DETECTING INDUSTRY SUBSTRUCTURE: - Case of Banking, Steel and Pharmaceutical Industries-
Working Paper	06-22	Tae Hee Choi	Ethical Commitment, Corporate Financial Factors: A Survey Study of Korean Companies
Working Paper	06-23	Tae Hee Choi	Aggregation, Uncertainty, and Discriminant Analysis
Working Paper	07-01	Jin PARK Seung-Ho JUNG	Ten Years of Economic Knowledge Cooperation with North Korea: Trends and Strategies
Working Paper	07-02	BERNARD S. BLACK WOOCHAN KIM	The Effect of Board Structure on Firm Value in an Emerging Market: IV, DiD, and Time Series Evidence from Korea
Working Paper	07-03	Jong Bum KIM	FTA Trade in Goods Agreements: 'Entrenching' the benefits of reciprocal tariff concessions
Working Paper	07-04	Ki-Eun Rhee	Price Effects of Entries
Working Paper	07-05	Tae H. Choi	Economic Crises and the Evolution of Business Ethics in Japan and Korea
Working Paper	07-06	Kwon JUNG Leslie TEY	Extending the Fit Hypothesis in Brand Extensions: Effects of Situational Involvement, Consumer Innovativeness and Extension Incongruity on Evaluation of Brand Extensions
Working Paper	07-07	Younguck KANG	Identifying the Potential Influences on Income Inequality Changes in Korea – Income Factor Source Analysis
Working Paper	07-08	WOOCHAN KIM TAEYOON SUNG SHANG-JIN WEI	Home-country Ownership Structure of Foreign Institutional Investors and Control-Ownership Disparity in Emerging Markets
Working Paper	07-09	Ilho YOO	The Marginal Effective Tax Rates in Korea for 45 Years : 1960-2004
Working Paper	07-10	Jin PARK	Crisis Management for Emergency in North Korea
Working Paper	07-11	Ji Hong KIM	Three Cases of Foreign Investment in Korean Banks
Working Paper	07-12	Jong Bum Kim	Territoriality Principle under Preferential Rules of Origin
Working Paper	07-13	Seong Ho CHO	THE EFFECT OF TARGET OWNERSHIP STRUCTURE ON THE TAKEOVER PREMIUM IN OWNER-MANAGER DOMINANT ACQUISITIONS: EVIDENCE FROM KOREAN CASES
Working Paper	07-14	Seong Ho CHO Bill McKelvey	Determining Industry Substructure: A Stock Return Approach
Working Paper	07-15	Dong-Young KIM	Enhancing BATNA Analysis in Korean Public Disputes
Working Paper	07-16	Dong-Young KIM	The Use of Integrated Assessment to Support Multi-Stakeholder negotiations for Complex Environmental Decision-Making
Working Paper	07-17	Yuri Mansury	Measuring the Impact of a Catastrophic Event: Integrating Geographic Information System with Social Accounting Matrix
Working Paper	07-18	Yuri Mansury	Promoting Inter-Regional Cooperation between Israel and Palestine: A Structural Path Analysis Approach
Working Paper	07-19	Ilho YOO	Public Finance in Korea since Economic Crisis

*** The above papers are available at KDI School Website <http://www.kdischool.ac.kr/new/eng/faculty/working.jsp>.**
You may get additional copy of the documents by downloading it using the Acrobat Reader.

Working Paper Series

Category	*Serial #*	*Author*	*Title*
Working Paper	07-20	Li GAN Jaeun SHIN Qi LI	Initial Wage, Human Capital and Post Wage Differentials
Working Paper	07-21	Jin PARK	Public Entity Reform during the Roh Administration: Analysis through Best Practices
Working Paper	07-22	Tae Hee Choi	The Equity Premium Puzzle: An Empirical Investigation of Korean Stock Market
Working Paper	07-23	Joong H. HAN	The Dynamic Structure of CEO Compensation: An Empirical Study
Working Paper	07-24	Ki-Eun RHEE	Endogenous Switching Costs in the Face of Poaching
Working Paper	08-01	Sun LEE Kwon JUNG	Effects of Price Comparison Site on Price and Value Perceptions in Online Purchase
Working Paper	08-02	Ilho YOO	Is Korea Moving Toward the Welfare State?: An IECI Approach
Working Paper	08-03	Ilho YOO Inhyouk KOO	DO CHILDREN SUPPORT THEIR PARENTS' APPLICATION FOR THE REVERSE MORTGAGE?: A KOREAN CASE
Working Paper	08-04	Seong-Ho CHO	Raising Seoul's Global Competitiveness: Developing Key Performance Indicators
Working Paper	08-05	Jin PARK	A Critical Review for Best Practices of Public Entities in Korea
Working Paper	08-06	Seong-Ho CHO	How to Value a Private Company? -Case of Miele Korea-
Working Paper	08-07	Yoon Ha Yoo	The East Asian Miracle: Export-led or Investment-led?
Working Paper	08-08	Man Cho	Subprime Mortgage Market: Rise, Fall, and Lessons for Korea
Working Paper	08-09	Woochan KIM Woojin KIM Kap-sok KWON	Value of shareholder activism: evidence from the switchers
Working Paper	08-10	Kun-Ho Lee	Risk Management in Korean Financial Institutions: Ten Years after the Financial Crisis
Working Paper	08-11	Jong Bum KIM	Korea's Institutional Framework for FTA Negotiations and Administration: Tariffs and Rules of Origin
Working Paper	08-12	Yu Sang CHANG	Strategy, Structure, and Channel of Industrial Service Leaders: A Flow Chart Analysis of the Expanded Value Chain
Working Paper	08-13	Younguck KANG	Sensitivity Analysis of Equivalency Scale in Income Inequality Studies
Working Paper	08-14	Younguck KANG	Case Study: Adaptive Implementation of the Five-Year Economic Development Plans
Working Paper	08-15	Joong H. HAN	Is Lending by Banks and Non-banks Different? Evidence from Small Business Financing
Working Paper	08-16	Joong H. HAN	Checking Accounts and Bank Lending
Working Paper	08-17	Seongwuk MOON	How Does the Management of Research Impact the Disclosure of Knowledge? Evidence from Scientific Publications and Patenting Behavior
Working Paper	08-18	Jungho YOO	How Korea's Rapid Export Expansion Began in the 1960s: The Role of Foreign Exchange Rate
Working Paper	08-19	BERNARD S. BLACK WOOCHAN KIM HASUNG JANG KYUNG SUH PARK	How Corporate Governance Affects Firm Value: Evidence on Channels from Korea
Working Paper	08-20	Tae Hee CHOI	Meeting or Beating Analysts' Forecasts: Empirical Evidence of Firms' Characteristics, Persistence Patterns and Post-scandal Changes
Working Paper	08-21	Jaeun SHIN	Understanding the Role of Private Health Insurance in the Universal Coverage System: Macro and Micro Evidence

*** The above papers are available at KDI School Website <http://www.kdischool.ac.kr/new/eng/faculty/working.jsp>.**
You may get additional copy of the documents by downloading it using the Acrobat Reader.

Working Paper Series

Category	*Serial #*	*Author*	*Title*
Working Paper	08-22	Jin PARK	Indonesian Bureaucracy Reform: Lessons from Korea
Working Paper	08-23	Joon-Kyung KIM	Recent Changes in Korean Households' Indebtedness and Debt Service Capacity
Working Paper	08-24	Yuri Mansury	What Do We Know about the Geographic Pattern of Growth across Cities and Regions in South Korea?
Working Paper	08-25	Yuri Mansury & Jae Kyun Shin	Why Do Megacities Coexist with Small Towns? Historical Dependence in the Evolution of Urban Systems
Working Paper	08-26	Jinsoo LEE	When Business Groups Employ Analysts: Are They Biased?
Working Paper	08-27	Cheol S. EUN Jinsoo LEE	Mean-Variance Convergence Around the World
Working Paper	08-28	Seongwuk MOON	How Does Job Design Affect Productivity and Earnings? Implications of the Organization of Production
Working Paper	08-29	Jaeun SHIN	Smoking, Time Preference and Educational Outcomes
Working Paper	08-30	Dong Young KIM	Reap the Benefits of the Latecomer: From the story of a political, cultural, and social movement of ADR in US
Working Paper	08-31	Ji Hong KIM	Economic Crisis Management in Korea: 1998 & 2008
Working Paper	08-32	Dong-Young KIM	Civility or Creativity?: Application of Dispute Systems Design (DSD) to Korean Public Controversies on Waste Incinerators
Working Paper	08-33	Ki-Eun RHEE	Welfare Effects of Behavior-Based Price Discrimination
Working Paper	08-34	Ji Hong KIM	State Owned Enterprise Reform
Working Paper	09-01	Yu Sang CHANG	Making Strategic Short-term Cost Estimation by Annualized Experience Curve
Working Paper	09-02	Dong Young KIM	When Conflict Management is Institutionalized: A Review of the Executive Order 19886 and government practice
Working Paper	09-03	Man Cho	Managing Mortgage Credit Risk: What went wrong with the subprime and Alt-A markets?
Working Paper	09-04	Tae H. Choi	Business Ethics, Cost of Capital, and Valuation
Working Paper	09-05	Woochan KIM Woojin KIM Hyung-Seok KIM	What makes firms issue death spirals? A control enhancing story
Working Paper	09-06	Yu Sang CHANG Seung Jin BAEK	Limit to Improvement: Myth or Reality? Empirical Analysis of Historical Improvement on Three Technologies Influential in the Evolution of Civilization
Working Paper	09-07	Ji Hong KIM	G20: Global Imbalance and Financial Crisis
Working Paper	09-08	Ji Hong KIM	National Competitiveness in the Globalized Era
Working Paper	09-09	Hao Jiang Woochan Kim Ramesh K. S. Rao	Contract Heterogeneity, Operating Shortfalls, and Corporate Cash Holdings
Working Paper	09-10	Man CHO	Home Price Cycles: A Tale of Two Countries
Working Paper	09-11	Dongcul CHO	The Republic of Korea's Economy in the Swirl of Global Crisis
Working Paper	09-12	Dongcul CHO	House Prices in ASEAN+3: Recent Trends and Inter-Dependence
Working Paper	09-13	Seung-Joo LEE Eun-Hyung LEE	Case Study of POSCO - Analysis of its Growth Strategy and Key Success Factors

*** The above papers are available at KDI School Website <http://www.kdischool.ac.kr/new/eng/faculty/working.jsp>.**
You may get additional copy of the documents by downloading it using the Acrobat Reader.

Working Paper Series

Category	*Serial #*	*Author*	*Title*
Working Paper	09-14	Woochan KIM Taeyoon SUNG Shang-Jin WEI	The Value of Foreign Blockholder Activism: Which Home Country Governance Characteristics Matter?
Working Paper	09-15	Joon-Kyung KIM	Post-Crisis Corporate Reform and Internal Capital Markets in Chaebols
Working Paper	09-16	Jin PARK	Lessons from SOE Management and Privatization in Korea
Working Paper	09-17	Tae Hee CHOI	Implied Cost of Equity Capital, Firm Valuation, and Firm Characteristics
Working Paper	09-18	Kwon JUNG	Are Entrepreneurs and Managers Different? Values and Ethical Perceptions of Entrepreneurs and Managers
Working Paper	09-19	Seongwuk MOON	When Does a Firm Seek External Knowledge? Limitations of External Knowledge
Working Paper	09-20	Seongwuk MOON	Earnings Inequality within a Firm: Evidence from a Korean Insurance Company
Working Paper	09-21	Jaeun SHIN	Health Care Reforms in South Korea: What Consequences in Financing?
Working Paper	09-22	Younguck KANG	Demand Analysis of Public Education: A Quest for New Public Education System for Next Generation
Working Paper	09-23	Seong-Ho CHO Jinsoo LEE	Valuation and Underpricing of IPOs in Korea
Working Paper	09-24	Seong-Ho CHO	Kumho Asiana's LBO Takeover on Korea Express
Working Paper	10-01	Yun-Yeong KIM Jinsoo LEE	Identification of Momentum and Disposition Effects Through Asset Return Volatility
Working Paper	10-02	Kwon JUNG	Four Faces of Silver Consumers: A Typology, Their Aspirations, and Life Satisfaction of Older Korean Consumers
Working Paper	10-03	Jinsoo LEE Seongwuk MOON	Corporate Governance and International Portfolio Investment in Equities
Working Paper	10-04	Jinsoo LEE	Global Convergence in Tobin's Q Ratios
Working Paper	10-05	Seongwuk MOON	Competition, Capability Buildup and Innovation: The Role of Exogenous Intra-firm Revenue Sharing
Working Paper	10-06	Kwon JUNG	Credit Card Usage Behaviors among Elderly Korean Consumers
Working Paper	10-07	Yu-Sang CHANG Jinsoo LEE	Forecasting Road Fatalities by the Use of Kinked Experience Curve
Working Paper	10-08	Man CHO	Securitization and Asset Price Cycle: Causality and Post-Crisis Policy Reform
Working Paper	10-09	Man CHO Insik MIN	Asset Market Correlation and Stress Testing: Cases for Housing and Stock Markets
Working Paper	10-10	Yu-Sang CHANG Jinsoo LEE	Is Forecasting Future Suicide Rates Possible? - Application of the Experience Curve -
Working Paper	10-11	Seongwuk MOON	What Determines the Openness of Korean Manufacturing Firms to External Knowledge?
Working Paper	10-12	Joong Ho HAN Kwangwoo PARK George PENNACCHI	Corporate Taxes and Securitization
Working Paper	10-13	Younguck KANG	Housing Policy of Korea: Old Paradigm, New Approach
Working Paper	10-14	Il Chong NAM	A Proposal to Reform the Korean CBP Market
Working Paper	10-15	Younguck KANG	Balanced Regional Growth Strategy based on the Economies of Agglomeration: the Other Side of Story
Working Paper	10-16	Joong Ho HAN	CEO Equity versus Inside Debt Holdings and Private Debt Contracting

*** The above papers are available at KDI School Website <http://www.kdischool.ac.kr/new/eng/faculty/working.jsp>.**
You may get additional copy of the documents by downloading it using the Acrobat Reader.

Working Paper Series

Category	*Serial #*	*Author*	*Title*
Working Paper	11-01	Yeon-Koo CHE Rajiv SETHI	Economic Consequences of Speculative Side Bets: The Case of Naked Credit Default Swaps
Working Paper	11-02	Tae Hee CHOI Martina SIPKOVA	Business Ethics in the Czech Republic
Working Paper	11-03	Sunwoo HWANG Woochan KIM	Anti-Takeover Charter Amendments and Managerial Entrenchment: Evidence from Korea
Working Paper	11-04	Yu Sang CHANG Jinsoo LEE Yun Seok JUNG	The Speed and Impact of a New Technology Diffusion in Organ Transplantation: A Case Study Approach
Working Paper	11-05	Jin PARK Jiwon LEE	The Direction of Inter-Korean Cooperation Fund Based on ODA Standard
Working Paper	11-06	Woochan KIM	Korea Investment Corporation: Its Origin and Evolution
Working Paper	11-07	Seung-Joo LEE	Dynamic Capabilities at Samsung Electronics: Analysis of its Growth Strategy in Semiconductors
Working Paper	11-08	Joong Ho HAN	Deposit Insurance and Industrial Volatility
Working Paper	11-09	Dong-Young KIM	Transformation from Conflict to Collaboration through Multistakeholder Process: Shihwa Sustainable Development Committee in Korea
Working Paper	11-10	Seongwuk MOON	How will Openness to External Knowledge Impact Service Innovation? Evidence from Korean Service Sector
Working Paper	11-11	Jin PARK	Korea's Technical Assistance for Better Governance: A Case Study in Indonesia
Working Paper	12-01	Seongwuk MOON	How Did Korea Catch Up with Developed Countries in DRAM Industry? The Role of Public Sector in Demand Creation: PART 1
Working Paper	12-02	Yong S. Lee Young U. Kang Hun J Park	The Workplace Ethics of Public Servants in Developing Countries
Working Paper	12-03	Ji-Hong KIM	Deposit Insurance System in Korea and Reform
Working Paper	12-04	Yu Sang Chang Jinsoo Lee Yun Seok Jung	Technology Improvement Rates of Knowledge Industries following Moore's Law? -An Empirical Study of Microprocessor, Mobile Cellular, and Genome Sequencing Technologies-
Working Paper	12-05	Man Cho	Contagious Real Estate Cycles: Causes, Consequences, and Policy Implications
Working Paper	12-06	Younguck KANG Dhani Setvawan	INTERGOVERNMENTAL TRANSFER AND THE FLYPAPER EFFECT – Evidence from Municipalities/Regencies in Indonesia –
Working Paper	12-07	Younguck KANG	Civil Petitions and Appeals in Korea : Investigating Rhetoric and Institutional settings
Working Paper	12-08	Yu Sang Chang Jinsoo Lee	Alternative Projection of the World Energy Consumption -in Comparison with the 2010 International Energy Outlook
Working Paper	12-09	Hyeok Jeong	The Price of Experience
Working Paper	12-10	Hyeok Jeong	Complementarity and Transition to Modern Economic Growth
Working Paper	13-01	Yu Sang CHANG Jinsoo LEE Hyuk Ju KWON	When Will the Millennium Development Goal on Infant Mortality Rate Be Realized? - Projections for 21 OECD Countries through 2050-
Working Paper	13-02	Yoon-Ha Yoo	Stronger Property Rights Enforcement Does Not Hurt Social Welfare -A Comment on Gonzalez' "Effective Property Rights, Conflict and Growth (JET, 2007)"-
Working Paper	13-03	Yu Sang CHANG Changyong CHOI	Will the Stop TB Partnership Targets on TB Control be Realized on Schedule? - Projection of Future Incidence, Prevalence and Death Rates -
Working Paper	13-04	Yu Sang CHANG Changyong CHOI	Can We Predict Long-Term Future Crime Rates? – Projection of Crime Rates through 2030 for Individual States in the U.S. –

*** The above papers are available at KDI School Website <http://www.kdischool.ac.kr/new/eng/faculty/working.jsp>.**
You may get additional copy of the documents by downloading it using the Acrobat Reader.

Working Paper Series

Category	*Serial #*	*Author*	*Title*
Working Paper	13-05	Chrysostomos Tabakis	Free-Trade Areas and Special Protection
Working Paper	13-06	Hyeok Jeong	Dynamics of Firms and Trade in General Equilibrium
Working Paper	13-07	Hyeok Jeong	Testing Solow's Implications on the Effective Development Policy
Working Paper	13-08	Jaeun SHIN	Long-Term Care Insurance and Health Care Financing in South Korea
Working Paper	13-09	Ilchong Nam	Investment Incentives for Nuclear Generators and Competition in the Electricity Market of Korea
Working Paper	13-10	Ilchong Nam	Market Structure of the Nuclear Power Industry in Korea and Incentives of Major Firms
Working Paper	13-11	Ji Hong KIM	Global Imbalances
Working Paper	14-01	Woochan KIM	When Heirs Become Major Shareholders
Working Paper	14-02	Chrysostomos Tabakis	Antidumping Echoing
Working Paper	14-03	Ju Ho Lee	Is Korea Number One in Human Capital Accumulation?: Education Bubble Formation and its Labor Market Evidence
Working Paper	14-04	Chrysostomos Tabakis	Regionalism and Conict: Peace Creation and Peace Diversion
Working Paper	14-05	Ju Ho Lee	Making Education Reform Happen: Removal of Education Bubble through Education Diversification
Working Paper	14-06	Sung Joon Paik	Pre-employment VET Investment Strategy in Developing Countries - Based on the Experiences of Korea -
Working Paper	14-07	Ju Ho Lee Josh Sung-Chang Ryoo Sam-Ho Lee	From Multiple Choices to Performance Assessment: Theory, Practice, and Strategy
Working Paper	14-08	Sung Joon Paik	Changes in the effect of education on the earnings differentials between men and women in Korea (1990-2010)
Working Paper	14-09	Shun Wang	Social Capital and Rotating Labor Associations: Evidence from China
Working Paper	14-10	Hun Joo Park	Recasting the North Korean Problem: Towards Critically Rethinking about the Perennial Crisis of the Amoral Family State and How to Resolve It
Working Paper	14-11	Yooncheong Cho	Justice, Dissatisfaction, and Public Confidence in the E-Governance)
Working Paper	14-12	Shun Wang	The Long-Term Consequences of Family Class Origins in Urban China
Working Paper	14-13	Jisun Baek	Effect of High-speed Train Introduction on Consumer Welfare
Working Paper	14-14	Jisun Baek	Effect of High Speed Trains on Passenger Travel: Evidence from Korea
Working Paper	15-01	Tae-Hee Choi	Governance and Business Ethics - An International Analysis
Working Paper	15-02	Jisun Baek	The Impact of Improved Passenger Transport System on Manufacturing Plant Productivity
Working Paper	15-03	Shun Wang	The Unintended Long-term Consequences of Mao's Mass Send-Down Movement: Marriage, Social Network, and Happiness
Working Paper	15-04	Changyong Choi	Information and Communication Technology and the Authoritarian Regime: A Case Study of North Korea
Working Paper	15-05	Wonhyuk Lim William P. Mako	AIIB Business Strategy Decisions: What Can It Do Differently to Make a Difference?

*** The above papers are available at KDI School Website <http://www.kdischool.ac.kr/new/eng/faculty/working.jsp>.**
You may get additional copy of the documents by downloading it using the Acrobat Reader.

Working Paper Series

Category	Serial #	Author	Title
Working Paper	15-06	Ju-Ho Lee Kiwan Kim Song-Chang Hong JeeHee Yoon	Can Bureaucrats Stimulate High-Risk High-Payoff Research?
Working Paper	15-07	Seulki Choi	Geographical Proximity with Elderly Parents of Korean Married Women in 30-40s
Working Paper	15-08	Taejun Lee	An Analysis of Retirement Financial Service Providers' Approach to Using Websites to Augment Consumer Financial Acumen
Working Paper	15-09	Sung Joon Paik	Education and Inclusive Growth – Korean Experience
Working Paper	15-10	Sung Joon Paik	Policies to Attract High Quality Foreign Students into Korea
Working Paper	15-11	Changyong Choi June Mi Kang	한·중 ODA 전략 비교 분석: 지식공유사업(KSP) 사례연구
Working Paper	15-12	WooRam Park Jisun Baek	Firm's Employment Adjustment in Response to Labor Regulation
Working Paper	15-13	Jisun Baek WooRam Park	Higher Education, Productivity Revelation and Performance Pay Jobs
Working Paper	15-14	Sung Joon Paik	고급 두뇌인력 네트워크 구축・활용 정책 - 국제 사례 분석
Working Paper	15-15	Sunme Lee Yooncheong Cho	Exploring Utility, Attitude, Intention to Use, Satisfaction, and Loyalty in B2C/P2P Car-Sharing Economy
Working Paper	15-16	Chrysostomos Tabakis	Endogenous Sequencing of Tariff Decisions
Working Paper	15-17	Tae Hee Choi	Business Ethics - Evidence from Korea
Working Paper	16-01	Hyeok Jeong Ju-Ho Lee	Korea's Age-Skill Profile from PIAAC: Features and Puzzles
Working Paper	16-02	M. Jae Moon Ju-Ho Lee Jin Park Jieun Chung Jung Hee Choi	Skills and Wages of Public Employees Investigating Korean Bureaucracy through PIAAC
Working Paper	16-03	Taejun Lee	The Role of Psychological Processing and Government-Public Relationship in Managing the Public's Communicative Actions of Problem-Solving
Working Paper	16-04	Shun Wang Wenia Zhou	Do Siblings Make Us Happy?
Working Paper	16-05	Junghee Choi Booyuel Kim Ju-Ho Lee Yoonsoo Park	The Impact of Project-Based Learning on Teacher Self-efficacy
Working Paper	16-06	Hun Joo Park In Wan Cho	Glocalization, Brain Circulation, and Networks: Towards A Fresh Conceptual Framework for Open Human Resource Development System in South Korea
Working Paper	16-07	Changyong Choi Balazs Szalontai	Economic Reform and Export-Oriented Industrialization: An Applicable Model for LDCs?

*** The above papers are available at KDI School Website <http://www.kdischool.ac.kr/new/eng/faculty/working.jsp>.**
You may get additional copy of the documents by downloading it using the Acrobat Reader.