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INDONESIA TRADE ASSISTANCE PROJECT (ITAP)

**A Comparative Review of the Organization
Structure in Different Ministry's of Trade**

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INDONESIA TRADE ASSISTANCE PROJECT (ITAP)

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Acronyms

BSN	National Standardization Agency
CC	Comparison Country
CEO	Chief Executive Officer
CIO	Chief Information Officer
COFTRA	Commodity Futures Trading Agency
DG	Directorate General
DT	Domestic Trade (Directorate General)
FT	Foreign Trade (Directorate General)
GOI	Government of Indonesia
HR	Human Resources
IETC	International Export Trade Center
IG	Inspectorate General
IT	Information Technology
ITAP	Indonesia Trade Assistance Project
ITC	International Trade Cooperation (Directorate General)
ITPC	International Trade Promotion Center
KPI	Key Performance Indicator
METI	Ministry of Enterprise, Trade, and Industry (METI)
MOI	Ministry of Industry
MOIT	Ministry of Industry and Trade
MOT	Ministry of Trade
NAFED	National Agency for Export Development
OECD	Organization for Economic Cooperation and Development
PPP	Public-Private Partnership
R&D	Research and Development
SG	Secretariat General
SME	Small and Medium Enterprises
TQM	Total Quality Management
TREDA	Trade Research and Development Agency

Introduction

The Ministry of Trade's (MOT) combining with the Ministry of Industry and subsequent separation notwithstanding, MOT's organizational structure has remained largely unchanged over the past three decades.

While MOT's fundamental structure has remained virtually the same, the global trade negotiation system has not. Countries have experimented with diverse structural approaches to forming, negotiating, and implementing trade policy and related governance functions. Approaches to government management, likewise, have undergone profound transformation.

Background

This consultancy took place from September 1 through October 13, 2006 in Jakarta, Indonesia, with research assistance carried out from Washington D.C. Consultant Andrew Kaiser, carried out the assignment, with research assistance from Selin McCurdy and oversight from James McCoy. The consultancy is part of ITAP's institutional pillar of assistance to the Indonesian MOT.

Ten 'comparison countries' were chosen for this study to represent a broad range of organizational approaches to trade policy. Referred to throughout the report, they are:

- | | |
|--------------|-----------------|
| 1. Malaysia | 6. Australia |
| 2. Singapore | 7. Ireland |
| 3. Thailand | 8. Japan |
| 4. Korea | 9. Denmark |
| 5. Taiwan | 10. Philippines |

Rationale for Selection of Comparison Countries

We selected a basket of comparison countries for the analysis below based on a variety of factors. These included (1) geographic proximity to Indonesia, (2) diversity, (3) economic similarity to Indonesia, (4) degree of perceived 'progressiveness' in their approach to economic governance and trade policy formulation in particular, and (5) understanding of the respective trade-related ministries by the contributors to this report, and (6) availability of sufficient information for effective comparative analysis. We selected countries on which to carry out our comparison based on our belief in their particular relevance to Indonesia's MOT and the objectives of this consultancy. We also refer to the examples and approaches of other select countries where we feel they add value to this report. Annex A provides overview information and notes for each comparison country (CC).

Objective

The objective of this consultancy is to:

- Present alternative structural and management approaches to trade governance, both in Asia and internationally, to capture best-practices and potentially relevant lessons learned for Indonesia's MOT;
- Review MOT's organizational structure, functions, outputs, and resource allocations; ascertain their consistency with Government of Indonesia (GOI) strategy and the needs of a modern market economy.
- Describe potential alternative means for the MOT to better align its organizational structure to meet current needs and emerging challenges of effective trade sector governance; and,
- Suggest ways in which ITAP could support MOT to implement those suggestions the Ministry chooses to pursue.

Approach

To supplement their personal experience in trade governance approaches of select developing countries, consultants initially used web research to ascertain country-specific approaches to trade governance. In-person interviews of economic officers based in Washington, D.C., and international telephone interviews supplemented this information to complete the ‘comparison country’ information contained in this report. Indonesia-specific information contained in this report came through in person meetings at MOT, along with a review of select documents provided by MOT, ITAP, and other donors in Jakarta. Structural issues for MOT considerations contained herein stem from the consultant’s experience and expertise and the aforementioned information gathering approach.

International Approaches to Trade Governance

Introduction

The interdependence of economic policy and trade sector policy, the alternative overarching organizational approaches that countries use, and modern approaches to government management – which have significantly impacted organizational charts in well-performing¹ countries – are all important factors to consider when drawing valid lessons from international structural approaches to trade policy and related government functions. In the following sections we briefly discuss each.

Economic Policy Interdependence

Trade policy interacts with and impacts other macroeconomic and microeconomic policies. Macroeconomic variables such as revenue, inflation and the exchange rate, as well as microeconomic issues such as transport, competition and investment policy all influence or are influenced by the opening of borders to the flow of goods and services.

While trade policy impacts all of these areas, the function of trade policy formulation and negotiation, by sheer necessity, must be housed somewhere in a country's government structure. Typically, it is coupled with other functions.

Relevance to potential MOT restructuring:

To respond to a rapidly changing global economy, MOT's organizational structure ideally should enable it to be flexible and dynamic; to rapidly adjust trade policy in accordance with a fluctuating macro and micro economic environment and to maximize economic benefits to Indonesia.

Alternative Organizational Approaches

Typically, countries use one of four different organizational models for trade governance, each of which links *foreign* trade policy to other key areas of government. The first and most traditional model concentrates foreign relations and international trade in a single ministerial department. Comparison countries used for this report that predominately following this model are: Korea, Australia, and Denmark. A second model, which Indonesia most closely resembled until MOIT was split into MIT and MOT in 2004, brings together policies for the productive sectors (industry, agriculture, etc) and foreign trade, linking the producers' exporting needs with trade policy – the instrument for commercializing products abroad. Comparison countries predominately following this model are: Malaysia, Singapore, and the Philippines. A third model, which Indonesia currently resembles most, integrates international trade policy with domestic trade and enterprise support. This model is intended to support the coherence of the whole macroeconomic policy of the country. Comparison countries predominately following this model are Thailand, Taiwan, and Ireland.² Lastly, a fourth model keeps foreign trade policy separate from the other ministries and coordinates the different positions existing in the government. While not included as comparison countries in our study, the United States and the European Union follow this model.

We have not identified a clear rationale for the organizational approaches chosen by individual countries (why countries select the model above that they do). Most likely, the priorities and interests of political decision makers in individual countries during times of government structural reform have resulted in the diverse macro-level institutional structure of trade policy formulation, and its coupling with a varied array of related governing functions.

¹ Determined by their average rank in the area of trade policy On the World Bank's 'Doing Business in 2007' report.

² Japan, which we have also chosen as a comparison country, pursues a hybrid of the Industry and Economy models.

No one of these approaches stands out as being better than the others, *per se*. Countries, at different times, have changed course and alternated their structural approach. The following chart shows the pros and cons of each model, and comparison counties following each:

Chart A: Structural Approaches to Trade

Structural Model	Definition	Comparison Countries following this model
Foreign relations	Concentrates foreign relations and international trade in a single ministerial department exploiting the diplomatic experience and the international networks of diplomats, and adds trade expertise to that mix.	Korea Australia Denmark
Industry	Brings together policies for the productive sectors (agriculture, industry...) and trade, links the producers' exporting needs with the instruments for commercializing their products abroad.	Malaysia, Singapore Philippines Japan
Economy	Integrates trade policy with domestic and foreign trade policy, giving priority to the coherence of the whole macroeconomic policy of the country.	Indonesia Thailand Taiwan Ireland
Isolated	Trade policy is isolated from other ministries and makes great efforts to coordinate the different positions existing in the government.	None (The United States and EU not used as comparison countries in this report, are examples)

Relevance to potential MOT restructuring:

No particular model above conclusively functions better than any other. There is thus no obvious 'ideal' model that Indonesia should follow. The structural alternative we present MOT thus assumes Indonesia will continue to follow the 'Economy' model that it currently resembles most.

Government Management Trends and Structural Features³

While not the primary focus of this consultancy, management practices and organizational structures are interconnected. Modern government management trends have thus resulted in very distinct and continually evolving structural approaches to trade policy and related government functions.

The Organization for Economic Cooperation and Development (OECD) describes management and structural elements that distinguish progressive modern-day governments from elements more traditional governments of the 20th century.⁴ Chart B below contrasts the key features of (traditional) 20th century governments to (progressive) 21st century governments:

Chart B: Modern-Day Governance Versus Traditional Government⁵

Characteristics of Traditional Governments	Characteristics of Progressive Governments
<ul style="list-style-type: none"> • Stable • Large • Rigid • Process-driven • Vertical structure • Consensus • Hierarchical 	<ul style="list-style-type: none"> • Continuous change • Speed • Responsive • Flexible • Results-driven • Virtual integration • Constructive contention

This shift in approach often translates into dramatic structural changes. The following are structural features of management trends used by progressive governments and select comparison countries:

- *Separation of policy and regulatory functions:* Many countries are making select regulatory institutions independent of the executive branch of government. Separate policy making and regulatory enforcement bodies establish greater checks and balances. Countries with separate regulatory agencies include the U.S., most of Europe, and Australia.
- *Public-private partnerships:* The private sector is widely considered more efficient and effective than government. Recognizing this, government services are being increasingly outsourced in whole or in part to private sector entities. This is often the case with government sponsored support for enterprise, which is increasingly handled by quasi-governmental agencies with private sector oversight and management practices. Government research functions are also frequently outsourced to private sector entities such as policy think tanks, universities, etc. Trade policy analysis is also increasingly used and often outsourced.
- *Flattened Hierarchies:* Many countries are reducing the number of management levels. The shift is away from bureaucratic (spans of) control and towards well-trained, government employees with increased decision-making ability at all levels. The benefit is faster, more responsive government actions and more creative problem solving.
- *Heightened use of information technology:* Governments are increasingly using information technology (IT) to capture information, turn it into knowledge, and distribute this knowledge to relevant civil servants and the public. The result is dramatically increased communications capabilities of government agencies and more informed, more rapid decision making.
- *Outcomes based government:* Increasingly, governments focus on specifying and pursuing overarching results, or outcomes. Shifting the focus from inputs to results, outcomes often span

³ Annex B provides a basic description of the main types of organizational structures according to current organizational theory.

⁴ Kiernan, Mathew (1996) (Organization for Economic Cooperation and Development)

⁵ Annex C describes select features of New Public Management (NPM), the leading contemporary school of thought in public sector management.

multiple government agencies or units. Similar to the private-sector's 'management *by objective*', this entails establishing a very limited number of outcomes with corresponding quantifiable key performance indicators (KPIs), Performance-based budgeting, and heightened accountability. Business planning approaches such as Total Quality Management (TQM) or Balanced Scorecard are sometimes also used. Outcomes based government requires heightened communication and intra and inter-agency collaboration.

- *Customer Service Focus:* Governments are increasingly treating citizens and businesses as valued customers. Customer satisfaction, information, and feedback are increasingly become the basis for improving the way institutions carry out their responsibilities. Structural features to increase customer service include more resources for communication and public relations departments, one-stop-shops for business licensing and registration, and dedicated customer-service centers.

Relevance to potential MOT restructuring:

Organizational structure and management practice are inextricably intertwined. MOT has thus far adopted few of the features described above. Many of the comparison countries referenced in this report have, to varying degrees. In considering potential structural changes, MOT must consider the management approaches that it utilizes currently, and any incremental or wholesale changes to management approach that it plans for the future.

Cross-Country Highlights

In this section we list trends and comparisons that are potentially useful to Indonesia's MOT. Our goal is to provide MOT with value-added information and insights as it considers alternative structural approaches to trade governance and trade policy formulation in particular.

We begin with the overall rankings of comparison countries on the World Bank's *Doing Business 2007 Report*⁶ and the World Economic Forum's *Global Competitiveness Report 2006 – 2007*.⁷ Annex D and E provide comparison country rankings from the World Bank's *Doing Business Report* for the topics of 'Trade across Borders' and 'Dealing with Licenses', respectively.

Comparison Country Rankings

Chart C: Comparison Country Rankings on the World Bank's Doing Business Report

World Bank 'Doing Business' Report Rankings, 2007

	Comparison Country	2007 Rank	2006 Rank
1.	Singapore	1	2
2.	Denmark	7	7
3.	Australia	8	9
4.	Ireland	10	10
5.	Japan	11	12
6.	Thailand	18	19
7.	Korea	23	23
8.	Malaysia	25	25
9.	Taiwan	47	43
10.	Philippines	126	121
11.	Indonesia	135	131

Chart D: Comparison Country Rankings on the Global Competitiveness Report

Global Competitiveness Index 2006 and 2005 Comparisons

Country/Economy	GCI 2006 Rank	GCI 2005 Rank	Change from 2005 to 2008	
Denmark	4	3	t	-1
Singapore	5	5	=	0
Japan	7	10	s	+3
Taiwan	13	8	t	-5
Australia	19	18	t	-1
Ireland	21	21	=	0
Korea, Rep of	24	19	t	-5
Malaysia	26	25	t	-1
Thailand	35	33	t	-2
Indonesia	50	69	s	+19
Philippines	71	73	s	+2

⁶ Excerpts from the Doing Business 2007 report are available on-line at: <http://www.doingbusiness.org>

⁷ Excerpts from the Global Competitiveness Report 2006 – 2007 are available on-line at: <http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm>

Government Functions Affiliated with Trade Policy

The following chart shows functions of primary importance to trade policy. Annex F provides an extended chart, also showing secondary and tertiary functions. The chart illustrates how select functions are aligned within MOT's DGs and units, as well as the number of comparison countries that also house these functions in the government body primarily responsible for trade policy formulation.⁸ As comparison country structures and units differ vastly, as does the scope of functions of units, some interpretation of the data was necessary.

Column 1: Primary, secondary, and tertiary trade government function.

Column 2: Function type.

Column 3: MOT directorate responsible for this function.

Column 4: MOT division responsible for this function, where there is one.

Column 5: Description of the function

Column 6: Number of CC primary ministries⁹ grouping this function with trade policy.

Chart E: Functions Affiliated with Trade Policy¹⁰

(1)	(2)	(3)	(4)	(5)	(6)
	Function	MOT D.G.	MOT division (if applicable)	Definition:	Ratio of Comparison Countries
Primary Trade Function	Trade Policy Negotiation	International Trade Cooperation	Multilateral Cooperation	To formulate policy and provide technical guidance in multilateral trade negotiations. In charge of WTO, OECD, other trade organizational affairs.	10/10 countries have this function housed in the main counterpart ministry (Note: not all have regional cooperation specific divisions.
			Bilateral Cooperation	To formulate policy and provide technical guidance in bilateral trade negotiations	
			Regional Cooperation	To formulate policy and provide technical guidance in regional trade negotiation	
	Trade Policy Formation	Foreign Trade	Sector Specific: I.e. Forestry and Agricultural Exports/Mining Industry, etc.	Policy formulation, technical guidance, and evaluation in specific sectors	8/10 countries have similar functions housed in the main counterpart ministry. (Note: Ireland and Denmark relay input to the European Union – which negotiates for the collective.)
			Import and Export Facilitation	To formulate policy in export/import facilitation. Export/import licensing and management	
	Trade Research	TREDA	Trade Research and Development	To conduct R&D and policy formulation for domestic and foreign trade	7/10 countries have this function housed either in the main counterpart ministry, or in a PPP supported by the ministry.
Policy Evaluation	None	none	Coordination and assessment of key policies	4/10 countries dedicate significant resources to this activity	

⁸ Includes cases where the function is handled partly or wholly by a PPP or line agency that reports to the counterpart agency.

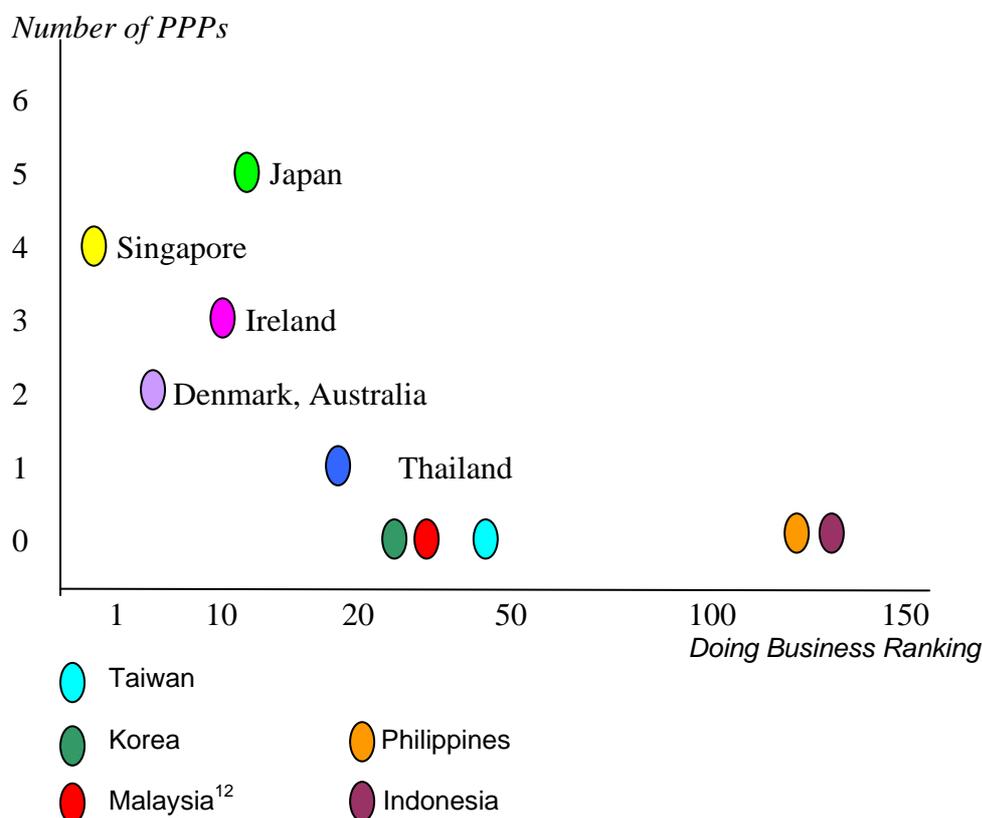
⁹ As different countries divide some of these functions among several government or semi-private agencies, we use the government agency specifically responsible for trade policy negotiation as the 'primary' counterpart country ministry.

¹⁰ Ratios for chart E and chart F come in part from Annex H: Structural Affiliation of Trade Related Functions in CC's.

Selected Highlights from Comparison Countries

Chart F: Use of Public-Private Partnerships in Trade-Related Government Functions

The following chart shows that governments using greater numbers of public-private partnerships (PPPs)¹¹ perform better on global competitiveness rankings.



Public-Private Partnership - Japan

Japan’s Ministry of Enterprise, Trade, and Industry (METI) has eleven incorporated administrative agencies. An incorporated administrative agency acts independently of the state and manages business operations such as research, inspection and trade insurance that were formerly performed by the state. A particular feature of such agencies is that they can independently consider how to perform their operations, and run these operations in a better, more efficient manner on their own responsibility. Specifically, each minister sets objectives to be attained by agencies under his or her jurisdiction, and each agency draws up a plan to achieve the objectives and carry out operations in line with the plan. The results obtained are evaluated by external experts, and the evaluation is reflected in management plans for subsequent years. Objectives and operation plans, as well as evaluation results, are published so that the general public can see what kinds of operations are performed by the agency.

Singapore takes a similar approach with ten statutory boards. These are semi-independent agencies that specialize in carrying out specific plans and policies of the Ministry. Governance structures vary and include public-private partnerships.

¹¹ Forms of PPP vary greatly. For this comparison, we consider a PPP to be any organization that is not required to follow civil service regulations. While technically not all of these are PPPs per se, they are all forms of distributive governance and the purpose of their existence is to achieve greater efficiency and effectiveness through private sector management practices.

¹² While four statutory agencies associated with Malaysia’s Ministry of Trade and Industry do not meet our full qualifier for PPPs, they do show several structural and management features and clearly have a strong private sector orientation.

As illustrated by Chart F above, countries scoring higher on the World Bank's 'Doing Business' rankings use public private partnerships to fulfill a greater number of trade-related functions. Also, most of the comparison countries outsource the bulk of trade research activities.

Increased Customer Focus - Ireland

Ireland's Department of Enterprise, Trade, and Development has a unit dedicated exclusively to customer service. Called the Quality Customer Service Unit, the unit's main role is to progress Customer Service initiatives throughout the Department and encourage the adoption of a Quality Customer Service ethos. The Department's commitment to quality service is set out in a Customer Charter. (<http://www.entemp.ie/corporate/customerservice>). Published in August 2004, the charter describes the level of service customers can expect to receive when doing business with the department.

Denmark's Ministry of Foreign Affairs has a similar unit focused exclusively on improving customer service. Malaysia publishes a 'client's charter' and commits to decisions on private sector applications within a set time-frame.

Outcomes Based Government - Australia

The Australian Public Sector is structured around desired outcomes. The purpose is to shift government's focus from inputs to results. As part of the policy development process, a government ministry or agency identifies the strategic outcomes that contribute to specific national goals. These strategic outcomes are high level, long term, and often both quantitative and qualitative in nature. To achieve these strategic outcomes, agency level programs are developed and linked to government goals. One fundamental element is that these programs have a limited number of clear, quantifiable goals (such as Key Performance Indicators), and an agreed upon means to regularly assess the accomplishment of these goals. Typically this assessment is done by a separate organization. Australia has also invested heavily in information technology and knowledge management systems in order to link public sector agencies to achieve these shared policy outcomes.

As an example, Australian Trade Commission (Austrade), Australia's semi-independent, Chief Executive Officer (CEO) led trade promotion agency supports two desired national outcomes. The first is:

Outcome 1: Australians succeed in international business with widespread community support

Austrade's Operations and activities are categorized into output groups. External evaluators measure end results. Output groups for Outcome 1 are:

- The total number of Australian exporters (estimate for 2004–05 is 39 000)
- The proportion of Australians who believe exports make a major contribution to the economy (target for 2004–05 is 80 per cent).

While Austrade targets these outcomes, it recognizes that these measures are largely driven by the efforts of Australian business. Austrade thus serves as the champion of the collective efforts of federal, state and territory governments, and businesses and industry associations vital to the achievement of these shared outcomes.

For a more complete overview of AusTrade's Outcomes – based government, view the second part of Austrade's 2004 - 2005 annual report, titled Outcomes and Outputs, at:
<http://www.austrade.gov.au/publications/AnnualReport0405-Austrade-part-2.pdf?1129012985833>

One-Stop Shop for Exporters - Thailand

Thailand's Ministry of Commerce has a One Stop Export Service Center within the Department of Export Promotion. This consolidates and streamlines export processing in one location. The service

center issues and certifies export documents, reduces unnecessary processes, and reduces the government transaction costs that exporters face – thereby increasing their likelihood to export and their overall competitiveness. One-stop shop service centers are increasingly created and used by government agencies striving to improve customer-service. This consultant has seen them heard of them in a variety of government contexts, especially in government agencies supporting economic growth.

Singapore has a similar one-stop-shop that exporters can use as a resource.

Enhanced Information Technology - Various

Virtually all of the comparison countries studied have a centralized information technology department responsible for handling ministry wide IT needs. Many of the comparison countries (Australia, Denmark, Japan, Singapore, Taiwan) have launched special initiatives within the ministry to improve ministry use of IT for a variety of functions. IT is being used to:

- Increase communications internally, with other agencies, with the private sector
- Support flattened hierarchies (IT enabled communication enables informed decision making at lower levels, and greater ability to respond quickly to ‘customers’)
- Support outcomes-based government (requires increased cross-agency communication)
- Improve customer service (e-government makes government services available on-line, and provide valuable information to businesses (supporting government transparency)).

Structural Aspects of Indonesia's Ministry of Trade

Past Structural Revisions

Over the past thirty years, the current Ministry of Trade (MOT) has undergone a few structural changes. Originally the Ministry of Trade and Cooperation, it then became the Ministry of Trade. It was then combined with Industry to become the Ministry of Industry and Trade (MOIT). In 2004, MOIT was once again split into a Ministry of Industry (MOI) and a Ministry of Trade (MOT).¹³

Within MOT, the International Trade Cooperation (ITC) was previously a level two unit under Foreign Trade. In 1999, ITC became an independent level one unit. (Previously it was level two.) The Trade Research and Development Agency (TREDA), previously under the Secretariat General, became an independent level one agency reporting to the Minister in the 1980s. The Commodities Futures Exchange Regulatory Agency (COFTRA) was created from scratch in the early 1990's, reporting to the Minister while operating semi independently as a regulatory body.

Finally, the decentralization law at the turn of the century resulted in the ministry losing control over regional offices. The head of these offices is now appointed by and reports to regional governors. This has caused increased headaches for MOT in its relationships with the regions.

Structural Issues

MOT may wish to consider the following observations, noted by the consultant in meetings with MOT personnel, in any structural revision¹⁴:

- The ministry as a whole appears overstaffed. Most individual divisions and units also are overstaffed, excepting International Trade Cooperation which requires additional personnel.
- While the overall number of employees is more than sufficient, necessary employee skill-sets remain largely insufficient across the ministry. Qualified lawyers, economists, policy analysts, regulatory specialists, etc. are insufficient.¹⁵
- Communications, knowledge management, and overall coordination appear weak across MOT units, with other government agencies, and with the regions. Numerous units cited this as an issue of concern.
- The Ministry's current structure is largely symmetrical, based on outdated notions of bureaucratic span of control. It is not directly aligned with desired, quantitative results.
- Some existing units do not appear to be directly aligned with MOT's mission.

Structural Possibilities

Overview

This section presents possible options for the MOT to better align its organization and increase its overall effectiveness.

¹³ The author understands that this in part due to Indonesia's desire to pay more attention to promoting non-industrial products.

¹⁴ Annex G provides a full list of observations from discussions with MOT personnel.

¹⁵ This finding, coupled with the fact that most employees are near retirement age, indicates that MOT's employee training is insufficient.

Considerations

The following are taken into account¹⁶:

- (1) Government and organizational management trends and best-practices,
- (2) Lessons learned from comparison country approaches,
- (3) MOT's mission and existing structure, and
- (4) Issues affecting MOT's current organization.

Graphical Overview

In this section we present three charts. Two charts illustrate MOT from alternate but interrelated perspectives. The first, chart F, shows MOT's current structure, along with the aspect of MOT's mission that it supports. It also shows divisions that are not clearly aligned with a specific aspect of MOT's mission.

The following is MOT's current mission. Listed as bullets in MOT's strategic plan, we have numbered each bullet here for ease of reference:

- | | |
|-----------------|---|
| Mission 1 (M1): | Improving distribution efficiency, the use of domestic products, consumer protection, and trade security. |
| Mission 2 (M2): | Increasing competitiveness of Indonesian products in the global market to maximize profit. |
| Mission 3 (M3): | Implementing good governance and public service of excellent quality. |
| Mission 4 (M4): | Improving the research and development scheme, including public consultation on the trade sector decision making process. |

The second chart below, Chart G, suggests an MOT organizational structure that aligns MOT with its three primary government functions:

1. Domestic Trade
2. Global Trade
3. Enterprise Support

Three MOT pillars would each have responsibility for a function. A fourth pillar, operating largely as a service center, would house support functions. Existing MOT units would be grouped under the appropriate pillars. Pillars would each agree upon and pursue a single Key Performance Indicator (KPI), using this to assess performance on an annual basis. Possible indicators, for MOT consideration, are listed for each primary pillar.

Following Chart H we list some of the key features and benefits that could come with this organizational structure. We also present structural and resource ideas for consideration for each of the pillars.

¹⁶ Points one and two are discussed previously in this report. MOT's mission is presented later in this section. Issues affecting MOT's current organization, as noted, are provided in Annex F.

Chart G: Current MOT Structure and Mission Alignment

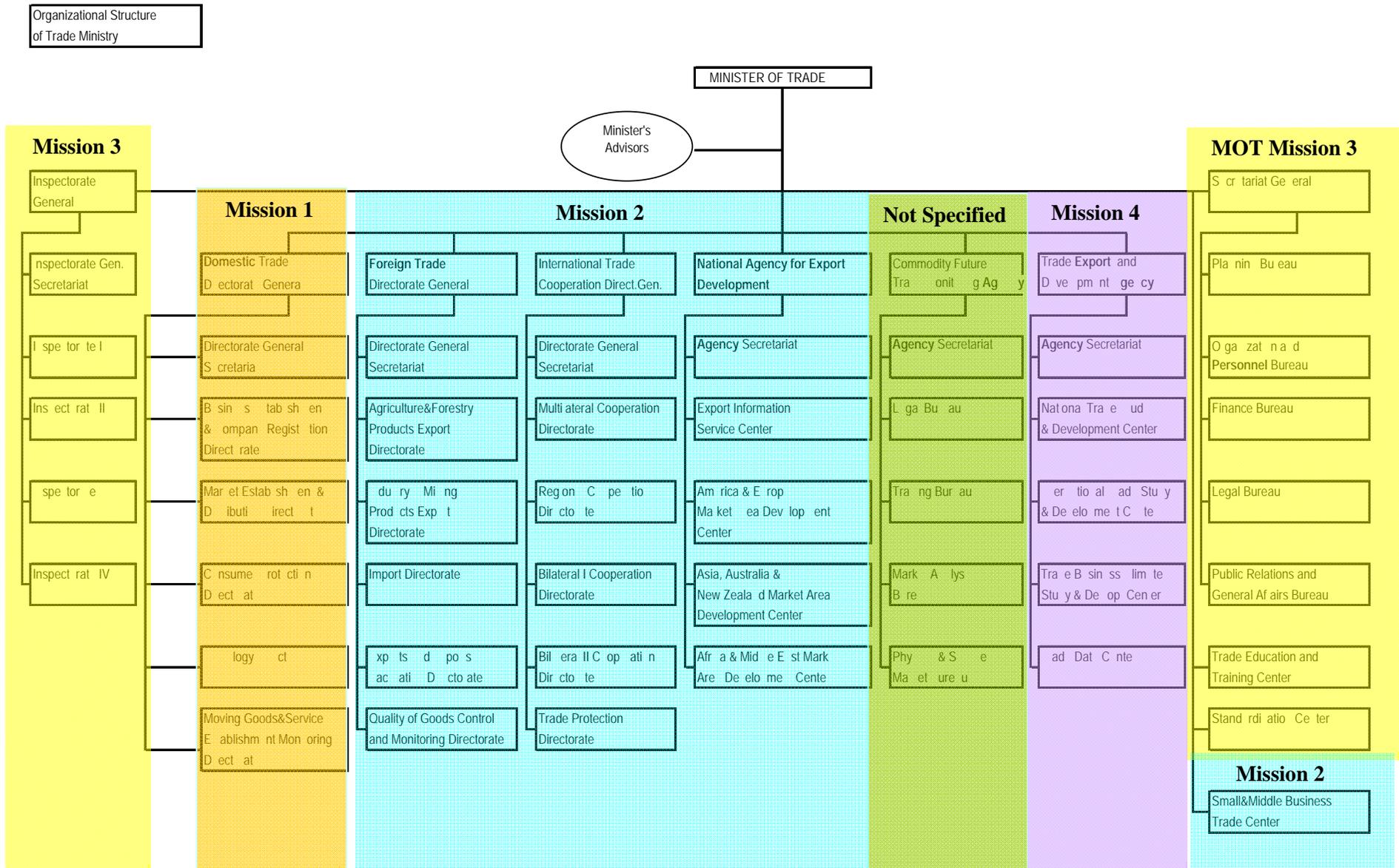
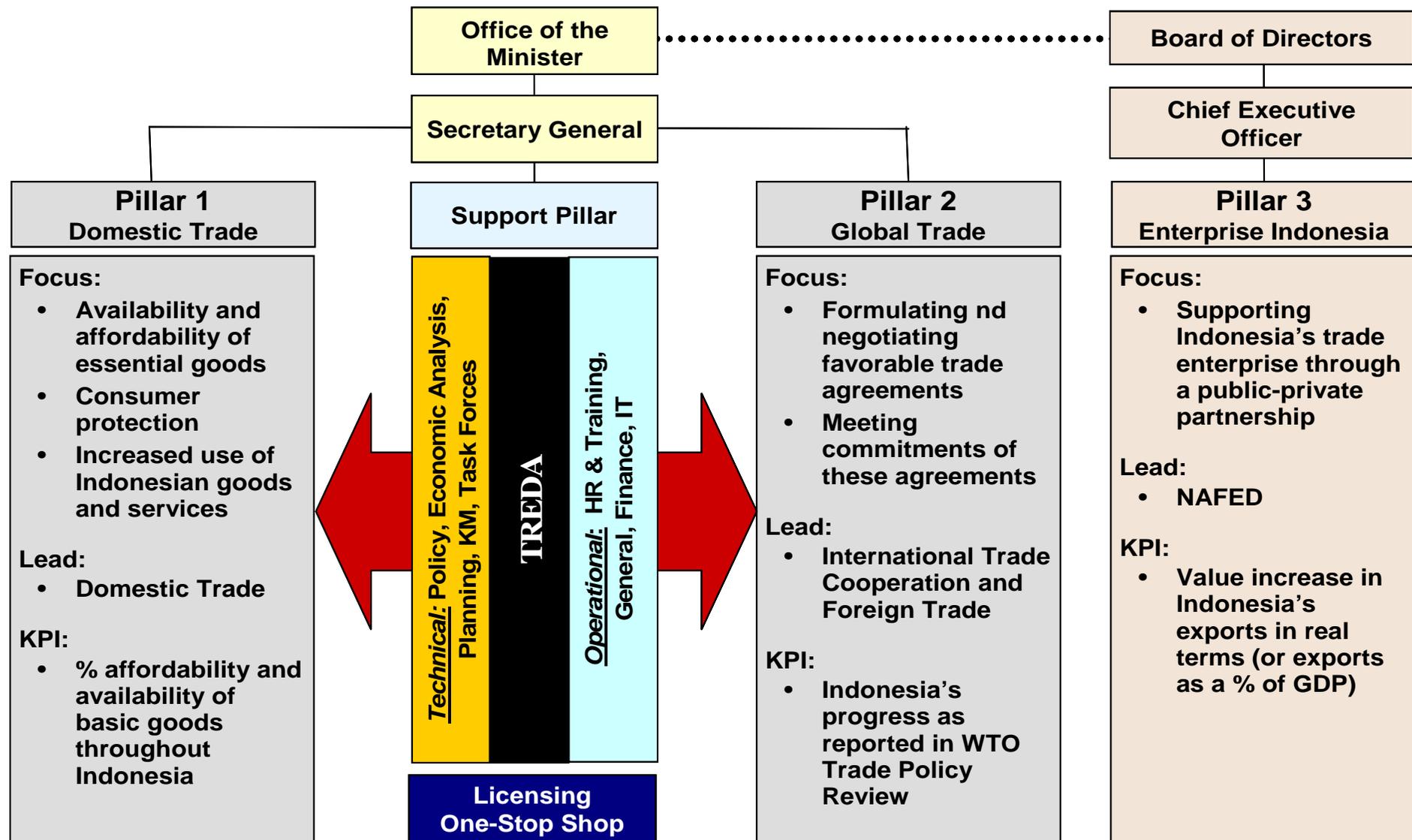


Chart H: MOT Structured by Pillar



Potential Features and Benefits of a Pillar-Based Structure¹⁷

Feature: Separates core functions of MOT: global policy, domestic policy, and enterprise support.

Benefit: Creates a focus on specific, most critical outcomes; encourages resource alignment and rationalization.

Feature: Establishes a support pillar with the mandate of servicing primary pillars.

Benefit: Managed appropriately (with a service focus, with units required to show their value to merit continued or increased resources/funding), creates the opportunity to identify and address critical cross-cutting needs, ‘quarantining’ talented, motivated employees and developing their skill sets in MOT critical areas to the benefit of the ministry.

Feature: Establishes Chief Information Officer (CIO) and/or communications service center responsible for improved knowledge management and communications.

Benefit: Addresses the critical need of improved knowledge management, information, and communications; ensures that current and future information technology investments place the overarching ministry interests over the targeted interests of individual DGs.

Feature: Separates bureaus under secretariat general into technical and operational.

Benefit: Operational bureaus will continue to handle core ‘back-office’ operations of the ministry such as human capital management, financial management, etc. Technical units are an opportunity to house and develop motivated personnel into high-caliber technical specialists in key ministerial needs such as economic analysis, legal advice, policy development, information technology, etc. Managed correctly, the technical bureaus become de-facto in-house leadership development units, coupling high-caliber senior employees with high-potential, hard-working new recruits. These employees could rotate between DGs and technical units for ongoing training and expertise development.

Feature: Establishes unit to focus specifically on improving regional relations.

Benefit: Heightens MOT’s focus on this critical, cross-cutting need. The focus of this unit could include systems development, training of regional political appointees in trade, supporting regions to collect and submit reliable data in a timely manner, and creating incentives (possibly in collaboration with the Inspectorate General) for the regions to collaborate fully and effectively with MOT)

Feature: Places training under human resources bureau.

Benefit: Ensures that this critical function responds more directly to needs of MOT’s human capital management strategies.

Feature: Transforms NAFED into Enterprise Indonesia, with a CEO and mostly private-sector board of directors.

Benefit: Ensures more private sector-driven targeting, selection, and support for trade enterprise support; empowers the private sector to drive economic growth; improves the value of MOT’s private sector support; ultimately should improve the overall performance of NAFED.

¹⁷ Some Features and Benefits listed are not shown (or not obvious) on chart H. These are intended as ideas for consideration.

- Feature:* Creates a One-Stop-Shop to facilitate and reduce registrations, licenses, and permissions.¹⁸
- Benefit:* Facilitates and ultimately streamlines processes for licensing and registration; increases transparency; decreases transaction costs businesses face in their MOT interactions (how much time and money companies must spend to comply with government rules); reduces opportunities for public graft; enables trade.
- Feature:* Establishes limited, quantifiable key performance indicators.¹⁹
- Benefit:* Creates heightened focus and clear success indicators; encourages MOT's units to collaborate to achieve overarching goals (above and beyond the interests of individual units); enables benchmarking.
- Feature:* Institutionalizes the use of time-bound, cross-cutting task forces to address pressing issues
- Benefit:* Creates the ongoing ability and structure for MOT to identify and respond to short term needs and requirements. This institutionalizes flexibility.
- Feature:* Align MOT Centers with other units (Standards with National Standardization Agency (BSN), Center for Training and Education under Human Resources, SME trade with NAFED).
- Benefit:* Reduced unnecessary structural duplication and places centers together with their primary counterpart organizations / units.
- Feature:* Introduces Deputy Minister positions to lead Domestic Trade and Global Trade pillars.
- Benefit:* Elevates the standing of these two vital national goals and creates a heightened focus on overarching ministerial objectives.

¹⁸ We understand that MOT is currently carefully considering this idea.

¹⁹ Organizational and performance management experts (Collins, etc.) have shown that organizations with very few (some recommend having only one), quantifiable key performance indicators outperform those that maintain many or less quantifiable indicators. Many governments, in recognition of this, are reducing the number of metrics they use and seeking to make them more quantifiable. New Zealand, the US, Dubai, Australia, are a few (of many) examples.

Synopsis of Each Pillar: Ideas for Consideration

Should the ministry choose to pursue a pillar-based structure, the following considerations for each pillar should be taken into account as it restructures.

Domestic Trade Pillar

Considerations for the Domestic Trade Pillar	Resource Notes
<p>The Domestic Trade pillar directly supports the first part of MOT’s Mission: Improving distribution efficiency, the use of domestic products, consumer protection, and trade security.</p> <p>While not all comparison countries house domestic trade with foreign trade, some do. Others have some of Domestic Trade’s units within their primary comparison Ministry. The MOT’s current domestic trade divisions are thus acceptable.</p> <p>Market development and Distribution and Goods and Services Supervision both directly support this MOT pillar’s mission. These entities could remain separate but should collaborate closely.</p> <p>Consumer Protection and Business Development and Company Registration are both necessary functions. These could both be carried out as two units under domestic trade, as they are now, or they could be candidates for distributive governance (semi-privatized management).</p> <p>Metrology could remain with Domestic Trade. It could also potentially be coupled with the Standardization Center, as it is in some other countries. Both could potentially be coupled with the National Standardization Agency (BSN). While metrology is important to domestic trade’s mission, it is not core.</p>	<p>Domestic trade has a sufficient number of employees to perform its current functions. It does not have sufficient technical skill sets. It would benefit from a clearer focus on core, specific goals, and on the availability of qualified expertise, either in-house or in the service pillar.</p>

Global Trade Pillar

Considerations for the Global Trade Pillar	Resource Notes
<p>The Global Trade pillar directly supports the second part of MOT's Mission: increase competitiveness of Indonesian products in the global market to maximize profit. (Global would have responsibility for the trade policy aspect of this mission, from negotiation to implementation.)</p> <p>International Trade Coordination (ITC) and Foreign Trade (FT) are the primary units under this pillar. We do not suggest that ITC and FT be combined. It is important, however, that they coordinate effectively and work together to achieve the overarching goals of this pillar.</p> <p>Under ITC, it may be optimal to move The Trade Defense Unit, more an implementation body, to Foreign Trade (with which it has more functional similarities). A division covering negotiations with multilateral bodies may be a good replacement. ITC could also consider forming functional specialty groups in areas such as Services, Industry, Agriculture, etc. Such specialists could rotate between ITC and the technical units under the Secretariat General, where they would receive ongoing training and keep their skills sharp. What is important is that MOT develops and retains these fundamental skill sets.</p> <p>As a regulatory agency it is good that Foreign Trade be managed separately. However, these two units need to coordinate closely so that FT licensing, regulations, and controls supports (rather than hinders) exports through its licensing and regulatory activities. Structurally, this unit needs to focus extensively on making all of its operations open, transparent, and e-accessible. It should support the development of a one-stop licensing shop.</p>	<p>ITC is short of qualified personnel. It could use an additional 100+ highly qualified people.</p> <p>Many ITC specialists are currently working on issues outside of their respective units as the changing needs of their mandate require more flexibility than exists in ITC's current structure.</p> <p>FT has more than enough employees. However, employee qualifications remain insufficient. Management feels that FT could do their job with one-third or one-half of the current number of employees, assuming that everyone has the appropriate qualifications (which many currently do not). FT may wish to allow retirement to shrink its staff levels, while focusing heavily on making its operations fully transparent and on training younger staff.</p>

Enterprise Pillar

Considerations for the Enterprise Pillar	Resource Notes
<p>The enterprise pillar would also support the second part of MOT's mission: increase competitiveness of Indonesian products in the global market to maximize profit. (Enterprise would support the trade enterprise competitiveness aspect of this mission)</p> <p>Several countries are 'outsourcing' enterprise promotion and support activities. The result is often public-private partnerships receiving government funding but with private sector like management and oversight structures. This has enabled these entities to become much more flexible and responsive to the needs of enterprises, especially small and medium enterprises.</p> <p>Indonesia may wish to consider this approach by creating a board of directors, consisting of the minister of trade (as chairperson) and several private sector representatives (such as business association heads), and by hiring a CEO. The reorganized NAFED, combined with MOT's SME Center, would focus on SME support / product development, and export promotion. Structured correctly (and likely requiring a new law) 'Enterprise Indonesia's' CEO should not be constrained by civil service codes in his/her staffing decisions.</p> <p>With this change, NAFED would need to restructure, perhaps with one unit managing all export promotion activities, and other units handling product development in targeted sectors. These divisions could mirror those currently in foreign trade. These would include:</p> <ul style="list-style-type: none"> ▪ Forestry and Agriculture ▪ Mining and Industry 	<p>Currently, NAFED and SME center's ability to support product development is limited due to limited staff. Also, most support goes to SMEs in Jakarta. NAFED influences regional centers currently through their financing of cooperation projects. This is typical of other countries that have decentralized.</p>

Support Pillar

Considerations for the Support Pillar	Resource Notes
<p>The support pillar supports the third and fourth aspects of MOT's mission, to: (a) Implementing good governance and public service of excellent quality; and (b) Improve the research and development scheme, including public consultation on the trade sector decision making process. (Support aspects of MOT's mission)</p> <p>Structurally, we suggest dividing the current Secretariat General into (1) operational and (2) structural units. A Deputy Secretary General could lead each group. Operational units would handle core administrative functions, as they currently do. Technical units would house high caliber technical specialists in short-supply throughout the ministry. They could also serve as ongoing training and 'training-by-doing' grounds for up and coming employees, and high-caliber, specialized employees from other pillars (who would rotate in). The segmentation of technical units into separate entities creates the opportunity for MOT to develop cross-cutting advisory resource centers from which other units can draw to access key skill sets. By segmenting high-caliber specialists within these unit , MOT could cultivate and better use critical but limited skill sets, while separating high-performers from lower performers within the ministry.</p> <p>TREDA should operate completely as a demand-driven service center, receiving and responding to research requests of the domestic and global trade pillars. As individuals retire, it may be beneficial for TREDA to retain a small core staff, while outsourcing diverse research functions to private sector entities such as universities and think tanks.</p> <p>A one-stop-shop for exporters, which MOT is currently exploring, is a good idea. The purpose of this cross cutting unit should not only be to provide one place for businesses to apply for and receive all necessary MOT licenses, but also to further streamline and/or eliminate license requirements and to make all licensing requirements, processes, and fees fully transparent and e-accessible.</p> <p>MOT may consider having training as a sub-unit of Human Resources. This would ensure better alignment of human resource needs with training programs. It may also wish to consider upgrading its legal bureau to a fully-fledged General Counsel or Legal Advisor Office. This function has a higher place of priority in most countries.</p> <p>Finally, MOT may consider creating a Chief Information Officer and small communications department. While the CIO would report to the Secretary General, he/she would oversee one or two individuals who would be housed in each of the other pillars. The focus would be on creating and institutionalizing effective communication channels within and across pillars, and at both management and operational levels. It would work closely with the IT unit.</p>	<p>Resource needs for the support pillar are diverse and mirror those of the ministry as a whole. From our discussions with the various DGs, it seems that while the overall number of employees is more than sufficient, qualified lawyers, economists, policy analysts, regulatory specialists, etc. are insufficient to meet MOTs needs.</p>

Annex A: Comparison Country Data

This annex provides a basic overview of structural approaches to trade governance and trade policy formulation for the ten comparison countries. For each comparison country (CC) we present a trade policy structure ‘dashboard’ of key information. As each country follows a distinct organizational model, as described in the assessment, we primarily feature the CC ‘Key Counterpart Ministry’ – the ministry or agency that is primarily responsible for the core function of trade policy negotiation.

Indonesian Trade Assistance Project – Ministry of Trade Structural Assessment

Country	Malaysia	Ministry Mission	Ministry Objectives	Key Departments Working under Trade
Governance Model	Industry Model	To plan, legislate and implement international trade and industrial policies that will ensure Malaysia's rapid development towards achieving National Economic Policy and Vision 2020.	<ul style="list-style-type: none"> • To plan, formulate and implement policies on industrial development, international trade and investment. • To encourage foreign and domestic investment. • To promote Malaysia's export of manufacturing products and services by strengthening bilateral, multilateral and regional trade relations and cooperation. • To enhance national productivity and competitiveness in the manufacturing sector. 	<ul style="list-style-type: none"> • Deputy Secretary-General • International Trade • Policy and Multilateral Negotiations • Bilateral and Regional Relations • ASEAN Economic Cooperation • Asia Pacific Economic Cooperation
Ministry Name	Ministry of International Trade and Industry (MITI)			
MITI Website	http://www.miti.gov.my/ekpweb/application			
MITI Organizational Chart Website	http://www.miti.gov.my/ekpweb/application Click on Info Center → Organization			
Recent Restructuring	None			
Other Malaysian Organizations Housing Trade-Related Functions			Trade-related functions housed in these organizations	
Malaysian Industrial Development Authority (MIDA)			MIDA is the first point of contact for investors who intend to set up projects in the manufacturing and its related services sectors in Malaysia.	
Malaysian Industrial Development Finance (MIDF)			Promote the development of the manufacturing industry in Malaysia through the provision of medium and long-term loans. The loans are for the financing of new fixed assets for new industrial ventures as well as existing enterprises undertaking modernization and/or expansion. Note: listed on the Malaysia securities exchange.	
Malaysia External Trade Development Group (MATRADE)			MATRADE was established since March 1, 1993 as the external trade promotion arm of Malaysia's Ministry of International Trade and Industry (MITI). MATRADE functions as a focal point for Malaysian exporters and foreign importers to source for trade related information.	
National Productivity Corporation (NPC)			To contribute significantly towards the productivity and quality enhancement to sustain the nation's competitiveness in the global economy; Providing value-added information on productivity, quality, competitiveness and best practices through research activities and databases;	
Small and Medium Industries Development Corporation (SMIDEC)			A specialized agency to further promote the development of Small and Medium Industries (SMIs) in the manufacturing sector	
Ministry of Domestic Trade and Consumer Affairs			Responsible for all domestic trade issues in Malaysia. Administratively separate from MITI.	
Notes: <ul style="list-style-type: none"> • Malaysia retains seven regional offices • Sponsor an award for industry • Separates Ministry of Domestic Trade and Consumer Affairs 				

Country	Singapore	Ministry Mission	Ministry Objectives	Key Departments under Trade Division
Governance Model	Industry Model	To promote economic growth and create jobs, so as to achieve higher standards of living for all.	<ul style="list-style-type: none"> To facilitate the development of industry sectors with strong growth potential and fundamentals. To protect Singapore's international trade interests, in particular, with a view to enhance access to global markets for our goods, services and investments. To provide a good understanding of the current state of and outlook for the Singapore economy for policy formulations and refinement. 	<ul style="list-style-type: none"> Trade Division separated by-Directorate A-covers bilateral economic relations, ASEAN, APEC, and the negotiation and implementation of free trade agreements. Directorate B- WTO, ASEM, and OECD and negotiations of free trade agreements. -Deputy Secretary (Trade) Director-General Trade Div (ASEAN) Consultant (Trade), Trade Division Director, APEC, Americas, South Asia, Middle East & Africa (AAS) Directorate, Trade Division Senior Director, International Business Directorate, Trade Division Director, North East Asia, Europe & Central Asia (NECA) Directorate, Trade Division Director, South East Asia (SEA) Directorate, Trade Division Director, WTO & International Trade Negotiations (WITN) Directorate, Trade Division
Ministry Name	Ministry of Trade and Industry			
Website	http://app.mti.gov.sg/default.asp?id=1			
Organizational Chart Website	http://app.mti.gov.sg/default.asp?id=241			
Recent Restructuring	none			
Other Organizations Housing Trade-Related Functions			Trade-related functions housed in these organizations	
Economic Development Board (EDB) International Enterprise Singapore (IE Singapore) JTC Corporation (JTC) Agency for Science, Technology and Research (A*STAR) SPRING (Standards, Productivity and Innovation Board) Singapore Tourism Board (STB)			All agencies focused on enterprise promotion, cluster development, building a knowledge economy, etc. Strong private sector orientation. Headed by BOD, chairmen.	
Energy Market Authority (EMA) Hotel Licensing Board (HLB) Competition Commission of Singapore (CCS) - 2005			Regulatory Bodies completely separate from policy and business promotion activities.	
Notes:				
<ul style="list-style-type: none"> MTI oversees one department (statistics) and ten statutory boards. Statutory boards are semi-independent agencies that specialize in carrying out specific plans and policies of the Ministry. Governance structures vary and include public-private partnerships. Commodities Futures Regulation is handled by the Ministry of Trade and Industry. 				

Country	Thailand	Ministry Mission	Ministry Objectives	Key Departments Working under Trade
Governance Model	Economy Model	To implement policies and strategies in economic trade in order to achieve successful outcomes.	<ul style="list-style-type: none"> Propose policies and develop strategies as well as evaluate the ministry's operations. Promote trade and solve trade difficulty domestically and internationally. Develop trade information technology system and issue indicators in economic trade. Increase human resource capability to operate efficiently. 	<ul style="list-style-type: none"> Department of Foreign Trade Department of Internal Trade Department of Business Development (Formerly Dept of Commercial Registration) This department now focuses on SME, capacity building Department of Export Promotion Department of Trade Negotiations (Formerly Dept. of Business Economics) Department of Insurance Public Warehouse Organization
Ministry Name	Ministry of Commerce			
Website	http://www.moc.go.th/			
Organizational Chart Website	http://www.thaitrade.com/19.page			
Recent Restructuring	Of the ten divisions only two have undergone restructuring in the last five years. After the Royal Thai Government reformation in October 2002 the Department of Business Economics was renamed the Department of Trade Negotiations and the Department of Commercial Registration was renamed the Department of Business Development as they are known today. Recently there has been talk of merging the Ministry of Commerce with the Ministry of Industry, however, no action has been taken. Business Economics used to be the think tank of the ministry. After Dept. of Business Economics was re-structured a smaller group was placed under the permanent secretary's office as the trade policy group.			
Other Organizations Housing Trade-Related Functions			Trade-related functions housed in these organizations	
<p>Notes:</p> <ul style="list-style-type: none"> Input from various government, civil society, and private sector stakeholders is collected and considered in the formulation of trade policies through the International Economic Policy Committee. Members include ministers from economic related ministries as well as the private sector. There are also specialized committees and sub-committees within the Ministry to address specific issues such as agriculture and industry. These committees work closely with various industry associations. Department of Internal Trade is part of Commerce. Trade research is out-sourced to various institutions. However, some departments within the Ministry have their own research and technical assistance divisions. The Prime Minister sponsors an annual export award for businesses. The Department of Export Promotion is the main agency responsible for trade shows, market intelligence, and branding product development. The department is under the Ministry of Commerce and is divided into five regional offices in Thailand and fifty-five overseas 				

Country	Korea	Ministry Mission	Ministry Objectives	Key Departments Working under Trade
Governance Model	Foreign Relations Model	N/A	The Ministry of Foreign Affairs and Trade is in charge of the following: <ul style="list-style-type: none"> • establishment and conduct of foreign policies. • establishment, conduct, generalization and regulation of foreign trade policies. • trade negotiations and external economic affairs; treaties and other international agreements. • cultural cooperation. • overseas promotion. • protection and support for overseas Korean nationals. • international situation analysis and consular affairs. 	<ul style="list-style-type: none"> • Minister of Trade • Deputy Minister for Foreign Affairs and Trade • Deputy Minister for Trade • unilateral Trade Bureau: Under the Multi Bureaus: <ul style="list-style-type: none"> - WTO Organization Division - Trade Settlement Division - Regional Cooperation Division - Trade Policy Division • Bilateral Trade Under Bilateral Bureau: • Trade and Investment Promotion Division • Northeast-Asian Trade Division • European Trade Division • Southeast Asian Trade Division • Free Trade Agreement Bureau • International Economic Affairs Bureau includes: <ul style="list-style-type: none"> - Trade Policy Planning and Info. Team - International Trade and Law Team
Ministry Name	Ministry of Foreign Affairs and Trade			
Website	http://www.mofat.go.kr/me/index.jsp			
Organizational Chart Website	http://www.mofat.go.kr/me/me_a001/me_b001/me_c003/me01_01_sub03.jsp			
Recent Restructuring	As a part of the government organization reforms in 1998, the Ministry of Foreign Affairs was reorganized as the Ministry of Foreign Affairs and Trade with the incorporation of the newly established Office of the Minister for Trade, so as to comprehensively establish and conduct foreign policies on trade, trade negotiations and foreign economic affairs.			
Other Organizations Housing Trade-Related Functions		Trade-related functions housed in these organizations		
Ministry of Commerce, Industry, and Energy (MOCIE)		Promote industry, international trade and investment and fair trade Enhance industrial competitiveness and promotion of balanced development provision of stable energy supply and support the efficient use of energy, contributing to the economy and citizen welfare.		
Korean Institute for International Economic Policy (KIEP)		Government funded economic research group. Advises government on all major international economic policies. Also advises foreign governments on Korean and international trade policies.		
Korean Development Institute		Autonomous, government founded economic policy think tank. Specializes in research and analysis oriented toward policy decisions that policymakers face.		
Korean Institute for Industrial Economics and Trade.		The Korea Institute for Industrial Economics and Trade is a government founded but non-partisan think tank that carries out research and develops policy. Headed by a BOD and President.		
The Korean Trade Commission		A trade relief organization that seeks appropriate relief measures to protect domestic industries.		
Notes: Lots of independently run, private-sector operated but government funded organizations supporting all aspects of Korea's Foreign Trade Policy.				

Country	Taiwan	Ministry Mission	Ministry Objectives	Key Departments Working under Trade
Governance Model	Economy Model	Become an innovative, flexible, responsible, and constantly evolving learning team; Deliver innovation, high-quality, and rapid response to the needs of business and the public; serve a guiding role for business sector.	<ul style="list-style-type: none"> None listed, but detailed, well thought out guiding principles listed on website. 	<ul style="list-style-type: none"> Bureau of Foreign Trade Multilateral Trade Affairs Division First Bilateral Trade Division Second Bilateral Trade Division Trade Development Division: (Function→ Trade promotion) Export/Import Administration Division: Free Trade Agreement Task Force Asia-Pacific Economic Cooperation Task Force Taipei Exhibition Center Task Commodity Committee Classification Appeal Review Committee Statistics Office Export Promotion Group Trade Promotion Fund Committee
Ministry Name	Ministry of Economic Affairs			
Website	http://w2kdmz1.moea.gov.tw/english/index.asp Trade Bureau: http://eweb.trade.gov.tw/ - no.			
Organizational Chart Website	Minstry: http://w2kdmz1.moea.gov.tw/english/index.asp?P1=introduction&P2=organization Trade: http://eweb.trade.gov.tw/kmDoit.asp?CAT493&CtNode=653			
Recent Restructuring	Formally established in 1969, but has gone through numerous structural changes throughout the years. Currently planning to reorganize. To do this, the Ministry will review the core responsibilities of each agency, outsourcing operations where appropriate.			
Other Organizations Housing Trade-Related Functions			Trade-related functions housed in these organizations	
Notes: The Ministry of Economic Affairs is a large ministry, with: 1 minister, 3 Vice Ministers (One political and 2 Administrative)				
<ul style="list-style-type: none"> MOEA houses The Small and Medium Enterprise Administration to assist SME's in many aspects of business development and promotion. Different ministries work with together through task forces. There is a free trade agreement task force to collaborate on international trade issue. The Foreign Bureau of Trade and the Ministry of Foreign Affairs both take part. E-commerce and APEC are two examples of task forces that are internal to the Ministry of Economic Affairs A resource planning committee within the Bureau of Foreign Trade regularly reallocates resources to meet rapidly changing needs and priorities. The Bureau of Foreign Trade handles 6 national (public) corporations. 				

Country	Australia	Ministry Mission	Ministry Objectives	Key Departments Working under Trade
Governance Model	Foreign Relations Model	To enhance Australia's security, contribute to growth in Australia's economy, employment and standard of living, assist Australian travelers and Australians overseas, strengthen global cooperation in ways that advance Australia's interests, foster public understanding of Australia's foreign and trade policy and project a positive image of Australia internationally, manage efficiently the Commonwealth's overseas owned estate.	N/A	<ul style="list-style-type: none"> • Trade Development Division • Economic Analytical Unit • Asia Trade Task Force • Office of Trade Negotiations • North Asia Division • China FTA Task Force • AusTrade-Statutory agency within Ministry
Ministry Name	Department of Foreign Affairs and Trade			
Website	http://www.dfat.gov.au/index.html			
Organizational Chart Website	http://www.dfat.gov.au/dept/			
Recent Restructuring	None			
Other Organizations Housing Trade-Related Functions		Trade-related functions housed in these organizations		
Australian Trade Commission AusTrade-(statutory agency)		Statutory agency reporting to Ministry of Trade. Provides advice, market intelligence and support to Australian companies.		
The Trade Policy Advisory Council		The Minister for Trade's pre-eminent source of advice from the Australian business community on trade issues. Provides the Minister for Trade with a commercial perspective on international trade and investment issues. The Secretaries of trade-related departments serve as ex-officio members of the Trade Policy Advisory Council.		
Department of Industry, Tourism, and Resources		Many business support services. Champion –government-wide industry action agendas.		
<p>Notes:</p> <ul style="list-style-type: none"> • While Foreign Policy and Trade are combined in one Department, there are two Ministers - one for Foreign Policy, one for Trade. The current Minister of Trade is also the Deputy Prime Minister. There are also two Parliamentary Secretaries and two Secretaries. Foreign Affairs and Trade are largely separate administratively. • Australia supports national economic goals through action agendas. These are sector – specific PPPs that advance targeted export growth sectors. • Australia is an international leader in New Public Management (progressive government) 				

Indonesian Trade Assistance Project – Ministry of Trade Structural Assessment

Country	Ireland	Ministry Mission	Ministry Objectives	Key Departments Working under Trade
Governance Model	Economy Model	Work for Government and the people to equitably grow Ireland's competitiveness and quality employment.	To foster the conditions which support enterprise in meeting the challenges and opportunities of an increasingly knowledge-based, globalized and environmentally sustainable economy in the context of our membership of the European Union and the World Trade Organization.	<ul style="list-style-type: none"> • Department is organized into seven Divisions: • Labour Force Development Division, • Competitiveness and International Affairs Division, • Employment Rights & Industrial Relations Division, • Science Technology and Intellectual Property Division, • Corporate Services and Economic Policy Division, • Consumers, Competition and Commerce Division, and • Enterprise and Agencies Division
Ministry Name	Department of Enterprise, Trade, and Development			
Website	http://www.entemp.ie/			
Organizational Chart Website	None			
Recent Restructuring	None			
Other Organizations Housing Trade-Related Functions			Trade-related functions housed in these organizations	
Enterprise Ireland			Serves to accelerate the development of world-class Irish companies to achieve strong positions in global markets resulting in increased national prosperity.	
Forfas			Forfás is Ireland's national policy and advisory board for enterprise, trade, science, technology and innovation.	
Notes: <ul style="list-style-type: none"> • Has 3 Ministers: Minister for Enterprise Trade and Employment, Minister for Trade and Commerce, and Minister for Labor Affairs. • Known leader in government management for economic growth. • Flattened post-bureaucratic structure. 				

Country	Japan	Ministry Mission	Ministry Objectives	Key Departments Working under Trade
Governance Model	Industry and Economy Model	N/A	<ul style="list-style-type: none"> • Create competitive industries through innovation • Deploy external economic policies in East Asia and beyond • Promote energy and environmental policies • Revitalize small and medium enterprises and the recovery of regional economies 	<ul style="list-style-type: none"> • METI Bureaus, Agencies, and Departments: • Economic and Industrial Policy Bureau • Trade Policy Bureau • Trade and Economic Cooperation Bureau • Manufacturing Industries Bureau • Commerce and Information Policy Bureau • Agency for Natural Resources and Energy • Nuclear and Industrial Safety Agency • Small and Medium Enterprise Agency • Japan Patent Office • Minister's Secretariat • Incorporated Administrative Agencies
Ministry Name	Ministry of Economy, Trade, and Industry (METI).			
Website	http://www.meti.go.jp/english/			
Organizational Chart Website	http://www.meti.go.jp/english/aboutmeti/index.html			
Recent Restructuring	2001 restructured from Ministry of International Trade and Industry to Ministry of Economy, Trade and Industry. The shift moves the ministry more towards the economy model of trade governance, in response to shifts in the Japanese economy.			
Other Organizations Housing Trade-Related Functions			Trade-related functions housed in these organizations	
<ul style="list-style-type: none"> • Japan is placing a strong emphasis on privatization of public functions, and commitment to continuing this trend. It is also moving to support information, technology, and 'virtuous cycle' (sectors with high value added and increasing opportunity) • METI has a Vice Minister and an Assistant Vice Minister • METI puts a strong focus on policy evaluation (have a deputy director general for this – though they outsource it mostly) 			<ul style="list-style-type: none"> • These are independently run organizations that were formerly performed by the government. Established to run independently in order to achieve better, more efficient operations. The relevant state minister (in this case METI) sets objectives. Each agency draws up a plan to achieve the objectives and carry out operations in line with the plan. The results obtained are evaluated by external experts. 	
<ul style="list-style-type: none"> • Numerous incorporated administrative agencies, including: • Research Institute of Economy, Trade and Industry (RIETI) • National Center for Industrial Property Information and Training (NCIPI) • National Institute of Technology and Evaluation (NITE) • Japan External Trade Organization (JETRO) • Organization for SME and Regional Innovation 				

Country	Denmark	Ministry Mission	Ministry Objectives	Key Departments under Trade
Governance Model	Foreign Relations Model	<p>The Trade Council of Denmark aims at realizing its vision by:</p> <ul style="list-style-type: none"> • Customizing consultancy according to the companies' individual needs. • Export and investment promotion, trade policy. • Offer competent and results-oriented consultancy. • Exploiting the many competences and channels of influence embedded in the Ministry of Foreign Affairs, opening doors to decision makers both at home and on the international markets. • Using our global network of representations to help companies exploit their export potential. 	<ul style="list-style-type: none"> • The Danish Trade Council is in charge of export and investment promotion, which cuts across the geographical division of the Ministry. • Increased internationalization of Danish enterprises • Best possible international framework conditions for the Danish business community • Strengthened commercial innovation • Strengthened global opportunities for entrepreneurs and small and medium-sized enterprises • More foreign investments to Denmark 	<ul style="list-style-type: none"> • Danish Trade Council. departments: • State of Secretary • Under-Secretary for Trade Affairs • Under-Secretary for Trade and Investment • Secretariat for Trade Council • Department of Innovation • Department of Investment • Department of Customer Relations- Export Promotion • Department of International Trade Policy and Business
Ministry Name	Ministry of Foreign Affairs			
Website	http://www.um.dk/en/			
Organizational Chart Website	Ministry of Foreign Affairs: http://www.um.dk/en/menu/AboutUs/Organisation/OrganisationChart/ Trade Council: http://www.um.dk/en/menu/AboutUs/Organisation/OrganisationChart/UKDEOrganigram.htm			
Recent Restructuring	The former Ministry of Trade and Industry was abolished in the past five years			
Other Organizations Housing Trade-Related Functions		Trade-related functions housed in these organizations		
Danish Council for Trade and Industry.		The purpose of the Council is to advise the Government on the future planning and development of business policies.		
Ministry of Economic and Business Affairs		Business regulation, Intellectual Property Rights, competition policy, the financial sector, housing, energy and shipping. Carries out many of the government functions related to promoting enterprises. (Ministry of Foreign Affairs also supports trade-related enterprises)		
<p>Notes:</p> <ul style="list-style-type: none"> • Two Ministers (Foreign Affairs and Development Cooperation) • No Minister of Trade as primary foreign trade functions handled by the European Union. • Denmark underwent government reform in 2005, with a focus on decentralization. • The Ministry partners with the Danish business community and supports foreign market analysis, thereby allegedly increasing the competitiveness of Danish companies. • Trade politics and WTO matters are an integrated part of the Danish Trade Council 				

Indonesian Trade Assistance Project – Ministry of Trade Structural Assessment

Country	Philippines	Ministry Mission	Ministry Objectives	Key Departments Working under Trade
Governance Model	Industry Model	DTI is a coordinating agency for all government activities related to trade, industry, and investments; promotional machinery for further trade and investments; and a regulatory body to ensure that fair competition prevails.	<ul style="list-style-type: none"> • Attract and direct investments to areas leading to balanced agro-industrial developments. • Reinforce the country's competitive advantage in the world markets. • Ensure that the benefits of economic progress reach the countryside and become every Filipino's gain. 	<ul style="list-style-type: none"> • Within the Department of Trade and Industry there are four major functional groups including the International Trade Group (ITG). Under ITG there is: • Bureau of Export Trade Promotion • International Coffee Organization • Bureau of International Trade Relations • Center for International Trade Expositions and Missions • Product Development and Design Center • Trade Training Center • Foreign Trade Service Corps • Garments and Textile Export Board • Philippine International Trading Corporation
Ministry Name	Department of Trade and Industry			
Website	http://www.dti.gov.ph/			
Organizational Chart Website	http://www.dti.gov.ph/contentment/66/72/262.jsp			
Recent Restructuring	On July 19, 1999, President Joseph E. Estrada issued EO 124 authorizing the DTI Secretary to review the DTI systems/operations and initiate structural changes. It also deputized a senior Undersecretary as a special trade negotiator.			
Other Organizations Housing Trade-Related Functions			Trade-related functions housed in these organizations	
<ul style="list-style-type: none"> • The Ministry has four major functional groups: (1) Industry and Investments, (2) International Trade, (3) Consumer Welfare, and (4) Trade Regulation • Two functional groups provide support to these four: (1) Support Services Group and (2) IT, Policy, Planning, and Communications Group • Domestic Trade handled by Consumer Welfare and Trade Regulation Group • Most functions carried out by the Ministry itself • Most similar to Indonesia (compared to other comparison countries) • Industry model, but with several aspects of the economy model as well. 				

Annex B: Types of Organizational Structure

There are a number of approaches to the structure and management of organizations. There is no one best way to organize. What is important is that there be a fit between the organization's structure, its size, its technology, and the requirements of its environment.

Internationally, governments vary widely in the organizational structures they utilize. Many still maintain historically typical bureaucratic structures. However, more successful trade policy regimes appear to be increasingly moving away from bureaucratic and divisional models and adopting aspects of post-bureaucratic organizations (described below).

The varying types of organizational structure are not mutually exclusive. Diverse organizations adopt diverse structures. One general rule is that form should follow function. Thus, an organization's form, or structure, should best suit the functions that it fills. As functions change, so should the organization's form. Four main types of organizational structures: Bureaucratic, Functional, Divisional, and Post-bureaucratic are:

Bureaucratic Structure

Bureaucratic structures facilitate large scale administration by coordinating the work of many personnel. They are regimented and have a high level of standardization. Often, they have fixed spans of control. Frequently used for more complex or larger scale organizations, this type of structure is losing favor among more advanced governments.

Characteristics of Bureaucratic Structures:

- Authority and communication flow downward in a rigid chain of command.
- Vertical, many levels of supervision, and one person one boss management.
- The number of people supervised (span of control) is small.

Functional Structure

Functional organizations are structured according to functional areas instead of product lines. They group specialized skills together; each in separate units. A functional structure is well suited to organizations which have a single or dominant core product because each subunit becomes extremely adept at performing its particular portion of the process. They are economically efficient, but lack flexibility.

Divisional Structure

Divisional structures are formed when an organization is split up into a number of self-contained business units, each of which operates independently. Certain key function (e.g. finance, personnel, corporate planning) provided centrally.

Post-Bureaucratic Structure

Post bureaucratic organizations are more complex, results-based management structures. Resources are aligned with desired outcomes, not based on organizational symmetry. Post-bureaucratic organizations often utilize matrix-style management systems, integrating aspects of a functional organization with those of a divisional organization. Project team members in a matrix organization often report to both a functional manager and a divisional manager.

Annex C: Structural Features of New Public Management

The wave of public sector reforms since the 1980s is called New Public Management (NPM). Seeking to enhance the efficiency of the public sector, NPM is based on the principle that that adapting private sector management practices for use in the public sector will lead to greater welfare. NPM is more oriented towards outcomes and efficiency through better management of public budget than are traditional government models. NPM approaches view citizens and businesses much like a company would view shareholders and customers.

Countries such as (but not limited to) the United States, Australia, Singapore, Canada, Finland, and France are actively following modified versions of this approach. Numerous less developed countries are beginning to follow suit. Fundamental elements of NPM include:

- Outsourcing select functions to the private sector or to public-private partnerships.
- Flattened hierarchies and wider spans of control
- Performance-based budgeting, more precise monitoring and evaluation, management by objective and heightened accountability - often through the use of business planning approaches such as Total Quality Management (TQM) or Balanced Scorecard.
- Greater autonomy for managers and employees, including flexible human capital management; merit-based incentives.
- Heightened use of information and communications technology.
- Linking remuneration to performance and the achievement of goals.
- Constant learning, innovation, and ongoing improvement.

Structural Features:

Changing approaches to government have resulted in drastic changes to the way governments are structuring their support for the private sector, including trade policy formulation and related government functions. The following features are typical of countries embracing NPM.

Separation of policy and regulatory functions: Many countries are making select regulatory institutions independent of the executive branch of government. Separate policy making and regulatory enforcement bodies establish greater checks and balances. Countries with separate regulatory agencies include the U.S., most of Europe, and Australia.

Public-private partnerships: The private sector is widely considered more efficient and effective than government. Recognizing this, government services are being increasingly outsourced in whole or in part to private sector entities.²⁰ This is often the case with government sponsored support for enterprise, which is increasingly handled by quasi-governmental agencies with private sector oversight and management practices. Government research functions are also frequently outsourced to private sector entities such as policy think tanks, universities, etc.

Flattened Hierarchies: Many countries are reducing the number of management levels. The shift is away from bureaucratic (spans of) control and towards well-trained, government employees with increased decision-making ability at all levels. The benefit is faster, more responsive government actions and more creative problem solving.

Heightened use of information technology: Governments are increasingly using information technology (IT) to capture information, turn it into knowledge, and distribute this knowledge to relevant civil servants and the public. The result is dramatically increased communications capabilities of government agencies and more informed, more rapid decision making.

²⁰ Distributive governance is the term used for government outsourcing to other organization(s) that is (are) thought able to perform a particular function or more efficiently or effectively.

Outcomes based government: Increasingly, governments focus on specifying and pursuing overarching results, or outcomes. Shifting the focus from inputs to results, outcomes often span multiple government agencies or units. Similar to the private-sector's 'management by objective', this entails establishing a very limited number of outcomes with corresponding quantifiable key performance indicators (KPIs), Performance-based budgeting, and heightened accountability. Business planning approaches such as Total Quality Management (TQM) or Balanced Scorecard are sometimes also used. Outcomes based government requires heightened communication and intra and inter-agency collaboration.

Customer Service Focus: Governments are increasingly treating citizens and businesses as valued customers. Customer satisfaction, information, and feedback are increasingly become the basis for improving the way institutions carry out their responsibilities. Structural features to increase customer service include more resources for communication and public relations departments, one-stop-shops for business licensing and registration, and dedicated customer-service centers.

Annex D: Comparison Country Ranking: Trade across Borders

Taken from the World Bank's 2007 Doing Business Report, this chart compares illustrates the transaction costs businesses face when engaging in international trade. As an illustrative example, the assessors chose procedural requirements for exporting and importing a standardized cargo of goods. Here, we show results for Indonesia and the ten comparison countries as well as averages for South Asia, the OECD, and the East Asia and Pacific Region. Every official procedure is counted -- from the contractual agreement between the two parties to the delivery of goods -- along with the time necessary for completion.

Region or Economy	Documents for export (number)	Time for export (days)	Cost to export (US\$ per container)	Documents for import (number)	Time for import (days)	Cost to import (US\$ per container)
East Asia & Pacific	6.9	23.9	884.8	9.3	25.9	1,037.1
OECD	4.8	10.5	811.0	5.9	12.2	882.6
South Asia	8.1	34.4	1,236.0	12.5	41.5	1,494.9
Australia	6	9	795	5	12	945
Denmark	3	5	540	3	5	540
Ireland	5	7	1,146	4	14	1,139
Japan	5	11	789	7	11	847
Korea	5	12	780	8	12	1,040
Malaysia	6	20	481	12	22	428
Philippines	6	18	1,336	7	20	1,336
Singapore	5	6	382	6	3	333
Taiwan, China	8	14	747	8	14	747
Thailand	9	24	848	12	22	1,042
Indonesia	7	25	546	10	30	675

Annex E: Comparison Country Ranking: Dealing with Licenses

From the 2006 World Bank 'Doing Business' report, this topic tracks the procedures, time, and costs to build a warehouse, including obtaining necessary licenses and permits, completing required notifications and inspections, and obtaining utility connections. It is meant to be indicative of licensing requirements as a whole in a given comparison country. Here, we show results for Indonesia and the ten comparison countries as well as averages for South Asia, the OECD, and the East Asia and Pacific Region.

Region or Economy	Procedures (number)	Time (days)	Cost (% of income per capita)
East Asia & Pacific	17.6	147.4	207.2
OECD	14.0	149.5	72.0
South Asia	16.1	226.6	375.7
Australia	17.0	140.0	13.8
Denmark	7.0	70.0	67.8
Indonesia	19.0	224.0	311.0
Ireland	10.0	181.0	22.2
Japan	11.0	96.0	19.8
Korea	14.0	52.0	175.9
Malaysia	25.0	281.0	78.2
Philippines	23.0	197.0	113.4
Singapore	11.0	129.0	22.0
Taiwan, China	32.0	206.0	231.9
Thailand	9.0	127.0	11.1

Annex F: Government Functions Typically Affiliated with Trade Policy

	Function	MOT D.G.	MOT division (if applicable)	Definition:	Ratio of Comparison Countries:
Primary Trade Function	Trade Policy Negotiation	International Trade Cooperation	Multilateral Cooperation	To formulate policy and provide technical guidance in multilateral trade negotiations. In charge of WTO, OECD and other international economic and trade organizational affairs.	10/10 countries have this function housed in the main counterpart ministry (Note: not all have regional cooperation specific divisions.)
			Bilateral Cooperation	To formulate policy and provide technical guidance in bilateral trade negotiations	
			Regional Cooperation	To formulate policy and provide technical guidance in regional trade negotiation	
	Trade Policy Formation	Foreign Trade	Sector Specific: I.e. Forestry and Agricultural Exports/Mining and Industry, etc.	Policy formulation, technical guidance, and evaluation in specific sectors	8/10 countries have similar functions housed in the main counterpart ministry. (Note: Ireland and Denmark department in this area feeds into the European Union – which negotiates for the collective.)
			Import and Export Facilitation	To formulate policy in export/import facilitation. Export/import licensing and management	
Trade Research	TREDA	Trade Research and Development	To conduct R&D and policy formulation for domestic and foreign trade	7/10 countries have this function housed either in the main counterpart ministry, or in a public-private partnership supported by the ministry.	
Policy Evaluation	none	none	Coordination and assessment of key policies	4/10 countries dedicate significant resources to this activity	
Secondary Trade Function	Export Promotion	Foreign Trade	Export and Import Facilitation	Facilitate/control exports (and select imports) through <i>policy mechanisms</i> .	8/10 countries have this function housed either in the main counterpart ministry, or in a public-private partnership supported by the ministry.
	Enterprise Development	NAFED / SME Center	Promotion	To promote exports through trade shows, branding, and cluster systems.	9/10 countries have this function housed either in the main counterpart ministry, or in a public-private partnership supported by the ministry.
			SME / Enterprise Support	To train on entrepreneurship, financing of SMEs. Facilitate business partnerships between SMEs and markets, support clusters, etc.	
Regulatory functions	Standards Center; Metrology	Standards and Metrology	To prepare and formulate standardization regulation and to create and regulate legal units of measurement and to set standards.	6/10 countries have these functions housed either in the main counterpart ministry, or in a public-private partnership supported by the ministry.	
Tertiary Trade Function		COFTRA	Commodity Supervision	Regulate and supervise all commodities futures trading.	3/10 countries have this function housed in the main counterpart ministry or in a public-private partnership supported by the ministry.
	Domestic Trade Functions	Domestic Trade	Distribution, Basic Stocks	To improve consumption of domestic goods and maintain stocks of basic needs, goods, and develop distribution facilities.	5/10 countries have two or more of these domestic trade functions housed primarily in the main counterpart ministry.
			Consumer Protection (domestic goods)	Protect consumers	
			Market Development	Promote domestic goods and open internal markets	
			Company Registration	To register companies and enable regulation.	

Key:

Column 1: primary, secondary, and tertiary trade government function.

Column 2: function type.

Column 3: MOT directorate responsible for this function.

Column 4: MOT division responsible for this function, where there is one.

Column 5: Description of the function

Column 6: Number of primary counterpart ministries²¹ in comparison countries that group this function in the same organization as trade policy.

²¹ As different countries divide some of these functions among several government or semi-private agencies, we use the government agency specifically responsible for trade policy negotiation as the 'primary' counterpart country ministry.

Annex G: Observations from MOT Meetings that Have Potential Structural Implications

During this assignment, the consultant met with the Secretariat General of MOT's International Trade Cooperation (ITC), Domestic Trade (DT), Foreign Trade (FT), and TREDATA.²² The consultant also drew information with numerous previous meetings held between ITAP and Ministry personnel, and from translations of various MOT documents such as the strategic plan and organizational 'blue book'.

General observations from various MOT DGs:

- The ministry as a whole appears overstaffed. Most individual divisions and units also are overstaffed, excepting International Trade Cooperation which requires additional personnel.
- While the overall number of employees is more than sufficient, necessary employee skill-sets remain largely insufficient across the ministry. Qualified lawyers, economists, policy analysts, regulatory specialists, etc. are insufficient.²³
- Communications, knowledge management, and overall coordination appear weak across MOT units, with other government agencies, and with the regions. Numerous units cited this as an issue of concern.
- The Ministry's current structure is largely symmetrical, based on outdated notions of bureaucratic span of control. It is not directly aligned with desired, quantitative results.
- Some existing units do not appear to be directly aligned with MOT's mission.
- MOT's culture seems to stress excessive command and control, and to limit initiative and empowerment.
- 'Stove-piped' interests of individual directorates and division may negatively impact MOT's ability to achieve its overarching mission.
- Employees are not well aligned.²⁴ The Ministry's structure, dictated by MENPAN, appears aligned more with the idea of symmetry, based on outdated notions of bureaucratic span of control, than with desired outcomes.
- Incentives for employee performance are virtually non-existent.

Additional Structural Considerations

- Certain MOT bodies do not appear to align with MOT's mission:
 - The Center for Standardization works primarily with the National Agency for Standardization (part of BSN)
 - COFTRA, which operates primarily with MOF, and even gets specialized, direct funding from MOF.
- Certain MOT bodies appear to pursue extremely related functions, and may potentially benefit from being combined or directly aligned:
 - The Center for SME Trade and NAFED.
 - Center for Training and Bureau of HR.
- The General and Public Relations Bureau should likely be separated into two units, given that the unit has two very separate mandates.

²² We also requested but did not receive a meeting with NAFED.

²³ This finding, coupled with the fact that most employees are near retirement age, indicates that MOT's employee training is insufficient.

²⁴ Based on anecdotal information. It is difficult to know for sure as there are no quantifiable goals.

Annex H: Structural Affiliation of Trade Related Functions in Comparison Countries

Ministry	Trade Policy Negotiation	Trade Policy Implementation	Trade Research	Policy Evaluation	Trade Safeguards/Consumer protection	Export/Import facilitation	Enterprise / SME support, promotion	Regulatory Separation	Domestic Trade Facilitation
Ministry of Trade & Industry/ Malaysia	√	√	X	X	X	√+	√+	√	X
Ministry of Trade & Industry/ Singapore	√	√	√+	√	√+	X	√+	√+	X
Ministry of Commerce/ Thailand	√	√	√+	√	X	√	√	X	√
Department of Trade & Industry/ Philippines	√	√	X	X	√	√	√	√	√
Ministry of Foreign Affairs and Trade/ Korea	√	√	√+	X	X	X	X	X	X
Ministry of Economic Affairs/ Taiwan	√	√	√+	X	√	√+	√+	√	√
Department of Foreign Affairs & Trade/ Australia	√	√	√+	X	X	√	√+	X	X
Department of Enterprise, Trade & Development/ Ireland	√	X	X	X	√	√+	√+	√+	√
Ministry of Foreign Affairs/ Denmark	√	X	X	√+	X	√	√+	X	X
Ministry of Economy, Trade, & Industry / Japan	√	√	√+	√+	√	√+	√+	√+	√

Key

- √ = Function housed directly within in the government agency primarily responsible for trade policy in the comparison country.
- X = Function is not housed directly within the agency primarily responsible for trade policy, or is not easily identifiable.
- √+ = Function housed in a directly affiliated agency that is administratively separate from the primary government agency; this may include statutory agencies, public-private partnerships, statutory boards, etc.