



## Global Value Chain Workshop

Jakarta, 25 – 27 July 2017, Hotel Le Meridien, Jakarta

### AGENDA

#### Course Objective

This course is designed to increase participants' knowledge and familiarity with conducting global value-chain (GVC) analysis and to examine the value-chain for three key Indonesian export commodities. Participants will gain a stronger understanding of the competitive bottlenecks that inhibit Indonesian export success.

Participants will learn the main data sources required to conduct value-chain analysis, and how to manipulate these to provide meaningful cross-country comparisons between Indonesian and its main competitor nations. The final goal of this course will be for participants to develop actionable medium-term solutions to the identified bottlenecks which will be included in a series of final reports. Global value chain gender equality and environmental issues will be briefly introduced to illustrate their importance to overall poverty reduction and sustainable development.

#### Overall Approach

This three-day course focuses on how Indonesia can increase its export success for three key commodities. It begins with an overview of GVC analysis with an emphasis on how it can help identify areas of non-competitiveness in the Indonesian economy. A summary presentation of the GVC for coffee follows which will highlight the valuable information that can result from this type of analysis, and how that information can lead to more informed policy-making.

A good understanding of the export value-chain requires a strong understanding of input-output (IO) matrices. As such, the participants will be provided with a primer on IO tables in general, using the Canadian economy as an example. From there, participants will gain practical knowledge by working with the Indonesian IO tables to determine the key inputs, distribution of income, final demand and intermediate use for the remaining commodities. These results will then be placed in context of appropriate comparator countries, allowing participants to identify areas where Indonesian could improve efficiency.

On Day 2, participants will engage with Trade-in-Value-Added (TiVA) data, which goes beyond typical measures of trade that only account for the flow of dollars across international borders. This information will allow participants to determine the level of higher value-added activities that are embedded within

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Indonesian exports, and how these dynamics have changed over time. Participants will also gain information on identified barriers to competitiveness based on in-country interviews, data sources, and available literature.

The final training day will begin with in-depth presentations on the important aspects of gender and environmental aspects of GVC analysis, with a specific focus on how these can improve Indonesian export success in the short and long-term. This will be followed by a short presentation on the Canadian import market and existing linkages between Canada and Indonesia, which will highlight the potential barriers for Indonesian producers in the Canadian market and provide recommendations for overcoming these hurdles. The training session will conclude with a final working group where participants provide achievable and efficient solutions to improving Indonesia's participation in GVC.

| DATE               | TIME          | ACTIVITY  | SPEAKERS/PRESENTERS             |
|--------------------|---------------|---|---------------------------------|
| DAY 1              | 08:00 – 0830  | Registration  |                                 |
|                    | 08:30 – 09:00 | Opening Remarks   |                                 |
| Tuesday<br>July 25 | 09:00 – 09:30 | Introduction and overview of agenda and outline course objectives   | Matthew Alexander Stewart       |
|                    | 09:30 – 10:30 | Overview of Global Value Chain (GVC) Analysis. Why do GVC matter? Identify the approach we will take to GVC analysis for the commodities, the data sources we will use and their limitations. Highlight the importance of collecting information from local and firm-specific sources through interviews.   | Todd Allan Crawford             |
|                    | 10:30 – 10:45 | MORNING BREAK   |                                 |
|                    | 10:45 – 11:30 | Insights will be provided on the specific importance of gender- and environmental-related aspects of GVC analysis.  | Rita Lindayati<br>Leya Cattleya |
|                    | 11:30 – 12:00 | Summary presentation of Coffee analysis and results<br><br>a. This presentation will be designed around the contents of the report and to highlight the potential of GVC analysis in providing insights on how Indonesia can improve its efficiency and integration into global markets. It will discuss the current state of the coffee industry in Indonesia and future potential, major players and competitors, today's consumers and the future's consumers. | Todd Allan Crawford             |

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|  |               | Provide a summary of the value added in Indonesia and how this compares to other countries. Show how coffee farming moves into coffee processing, and then on to final demand. Provide a summary of the main impediments we heard from consultant reports.  |   |
|  | 12:00 – 13:00 | LUNCH BREAK   |   |
|  | 13:00 – 14:15 | <p>Introduction to IO Analysis</p> <p>a. Overview of Canadian I-O tables and focus on what conclusions and information can be drawn from them. This should also focus on the concepts of Supply and Use with an emphasis on two concepts that will be important later in the seminar: The first is how to identify the key inputs of a production process; The second is to determine how the outputs of one industry trace through to Final Demand, but also to intermediate use. One way to capture a higher share of value along the supply-chain is to strengthen backwards linkages. For example, improving the quality or type of textiles Indonesian produces such that it meshes better with the needs of their apparel manufacturing industry. Similarly leather to footwear, coffee farming to coffee processing.</p> | Matthew Alexander Stewart                       |
|  | 14:15 – 14:30 | AFTERNOON BREAK   |   |
|  | 14:30 – 16:00 | <p><u>Working Group</u> – After introducing participants to the concepts of IO, we will have the participants use the Indonesian IO to compile key inputs, distribution of value-added, and final demand for the different commodities by splitting off into groups. Have them present these results to the entire group.</p>   | Matthew Alexander Stewart / Todd Allan Crawford |
|  | 16:00         | Adjourn Day 1   |   |
|  |               |   |   |

| DATE                 | TIME          | ACTIVITY   | SPEAKERS/PRESENTERS                             |
|----------------------|---------------|--|---|
| DAY 2                | 08:00 – 09:00 | Registration   |   |
| Wednesday<br>July 26 | 09:00 – 09:15 | Introduction and outline day's agenda and objectives   |   |
|                      | 09:15 – 10:00 | Closing information on Input-Output and production processes and opening information on trade related data. Will provide a quick overview of comparator countries' IO, just to give a sense of the range of outcomes. Then move on to examining the geographic scope of value chains. Explain the OECD TiVA tables and highlight capabilities. This will set the foundation for the working groups where the participants will work with TiVA tables.  | Todd Allan Crawford                             |
|                      | 10:00 – 11:30 | <u>Working groups</u> – Participants will engage with TiVA data. The goal will be to direct participants analysis on the value-chain associated with the exports of “agriculture products”, and “textiles, apparel, and footwear”. Participants will then be asked to identify the supply-chain, and determine which activities tend to occur in Indonesia and which ones do not. Focus will be on two concepts: the first is the level of services or higher value-added activities embedded in their exports; the second is what share of the value in these activities occurs in Indonesia. | Matthew Alexander Stewart / Todd Allan Crawford |
|                      | 11:30 – 12:00 | This will be a summary and concluding presentation on the TiVA data just collected in the working group. Participants will build on the information they collected on Indonesia by comparing it to other countries. Provide examples of similar countries, regional and other benchmarks. This will be an opportunity of moving up into higher value-added activities over time which can help them avoid the middle-income trap which depends on low wages.   | Matthew Alexander Stewart                       |
|                      | 12:00 – 13:00 | LUNCH BREAK  |   |

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|  | 13:00 – 13:45 | Summary presentation on the identified barriers to competitiveness. This will focus on the areas where Indonesia does less well as discovered by I/O and TiVA data, and the observations we heard from consultants and other reputable sources like the OECD. Discussion will focus on how those barriers impact specific aspects of the supply-chain.   | Todd Allan Crawford                             |
|  | 13:45 – 14:00 | AFTERNOON BREAK  |   |
|  | 14:00 – 15:30 | <u>Working group</u> – Participants will review and consider the identified barriers to competitiveness. Participants will break into 3 groups to deal with 1 commodity each. Participants will focus on barriers which may include the flow of information between government, institutions, and firms, as well as training, infrastructure, free trade agreements, trade facilitation, energy, transportation. Participants will be asked report back to the group on how well (or not) current government policies align with the issues that firms identified. | Matthew Alexander Stewart / Todd Allan Crawford |
|  | 15:30 -16:00  | Each working group will present and discuss their results for about 10 minutes each.   |   |
|  | 16:00         | Adjourn Day 2  |   |
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| DATE                | TIME          | ACTIVITY  | SPEAKERS/PRESENTERS       |
|---------------------|---------------|---|---------------------------|
| DAY 3               | 08:00 – 09:00 | Registration  |                           |
| Thursday<br>July 27 | 09:00 – 09:15 | Day 3 agenda and objectives.  | Rita Lindayati            |
|                     | 09:15 – 10:30 | Environmental aspects of value-chain analysis   | Rita Lindayati            |
|                     | 10:30 – 10:45 | MORNING BREAK   |                           |
|                     | 10:45 – 12:00 | Gender-related aspects of value-chain analysis  | Leya Cattleya             |
|                     | 12:00 – 13:00 | LUNCH BREAK   |                           |
|                     | 13:00 – 13:45 | Short presentation on Canadian market. Current trade with Indonesia – where it excels, where it falls behind. Present Commtrade data to show their main competitors in the Canadian market. How does Indonesia stack up against its key competitors based on everything we've presented so far? Potential in Canadian market for Indonesia, and how the relationship can be beneficial for both the Canadian and Indonesian economy. Free-Trade agreement, etc.   | Matthew Alexander Stewart |
|                     | 13:45 – 15:30 | <u>Working group</u> – As a final exercise, the participants will be split into groups. Each group will be asked to identify 3 to 4 main things that they think are critical to improving export success in the Indonesian context based on everything they have heard so far, including the environmental and gender related aspects we heard about in prior sessions. Focus may be, for example, on methods and mechanisms that facilitate the flow of information between government and firms, and specific next-steps or actions that are achievable in the medium-term. |                           |
|                     | 15:30 -15:45  | Closing comments, evaluation forms, and adjourn seminar.  |                           |

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