Geographical Indications and Sustainable Rural Development in Vietnam

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Background of the research

• Agriculture plays an important role in the economy of Vietnam.
• Geographical indications (GIs) contribute significantly to agriculture sector.
• But very few studies have explored the link between GIs and sustainable rural development.
• This study investigates the relationship between GIs and sustainable rural development in Vietnam, considering Government Roles and Producers’ Strategies.
Geographical Indications

World Trade Organization (WTO) defines GIs as: “indications that identify a good as originating in the territory of a particular country, or a region or a locality in that country, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin” (TRIPS Agreement, article 22)

Three main conditions that a product has to satisfy to be recognised under the GI scheme:

(1) it must relate to a specific type of agricultural or non-agricultural goods (though in some countries services are also counted)

(2) these goods must originate from a defined area, and

(3) that the goods must have qualities, reputations or other characteristics that are clearly linked to the geographical origin of goods
Legal framework for GIs Protection in Vietnam

• CODES, LAWS
  ◦ The Civil Code 2005
  ◦ The IP Law 2005 (amended in 2009)

• GOVERNMENTAL DECREES
  ◦ Decree No.103/2006/NĐ-CP on IP; revised by Decree No.122/2010/NĐ-CP
  ◦ Decree No.105/2006/NĐ-CP on protection and management of IP revised by Decree No.119/2010/NĐ-CP
  ◦ Decree No. 97/2010/NĐ-CP on handling administrative violations in the field of IP

• MINISTERIAL CIRCULARS
  ◦ Circular No.01/2007/TT-BKHCN (revised three times: Circular No. 13/2010/TT-BKHCN; 18/2011/TT-BKHCN; 05/2013/TTBKHCN)
Government Participation in GI development: what authority at what level?

• In the Vietnamese system, for managing GIs there is a delineation amongst authority between the right to register by the central government, and the right to manage by a local authority.

• Once a GI is registered, the central government may delegate the responsibility over management of that GI to a provincial branch of the Department of Science and Technology.

• Whilst those processes are relatively clear, what is less clear are the phases leading up to registration, the provinces have over time become more active in identifying potential GIs and have put their resources towards GI building, originally a domain held by the Central Administration.
Registered GIs in Vietnam

- Since 1995 Vietnam has registered 48 protected GIs (more details in Table 1), ranking it second after Thailand out of all ASEAN Countries (NOIP, 2016), a reflection on the large range of heritage agro-food and handicraft produces available in Vietnam.
Sustainable Rural Development

• Sustainable rural development refers to the guarantee of sustainability and progression of rural regions in tandem with the exploitation of global opportunities (Akgun et al., 2015).

• Sustainable rural development ensures that the future generations will be endowed with a sustainable resource (Emmanuel et al., 2007).

• In order to achieve sustainable rural development, there is a need for an integration of well-prepared and properly executed initiatives that tackle all three pillars of sustainability, namely the social, economic and physical aspects of the environment (Emmanuel et al., 2007).
In this study, we choose the PENTAGON model or the five-factor approach as the evaluating tool to identify critical success factors for sustainable rural development (Akgun et al., 2015; Gülümser, 2009).

This model ensures the inclusion of the three pillars of sustainable development (environmental, social and economic) under the locality, social and economic prisms, combined with physical and creative systems.
Research Methods

• A qualitative research approach based on the conduction of interviews was chosen to explore the role of the different administrative levels in supporting GI producers, and to examine whether GIs participate to the sustainable rural development in the country.

• Data collection: Empirical data collected from semi-structured interviews with 19 Vietnamese policy-makers and GI producers. Data were collected during Quarter IV/2016 by the authors. The interview was guided by a 14 open-ended question interview protocol.

• The sample included 13 Vietnamese representatives of the national authorities in charge of GIs and six producers of Cao Phong orange, Tra Bong cinnamon, and Tan Cuong tea.

• Data analysis: The contents of interviews were transcribed in full to take into account coding analysis. NVivo (Version 11) was employed for coding.
Cao Phong Orange
Tra Bong Cinnamon
Tân Cương Tea
Research Results

What are the contributions from GIs to economic system?

• GIs in Vietnam has proved its similar impact on the economic system of sustainable rural development, whose benefits are derived by a vast range of stakeholders. One of the most remarkable economic gains from GIs is the promotional advantage of the product.

  “Around five years ago, the farm gate value of one kilograms orange from Doai Village ranged from only 4,000 VND up to the maximum at 9,000 VND. However, thanks to the registration of the orange under GIs, the farm gate value has increased to at least 18,000 – 20,000 VND per kilograms or even up to 30,000 – 35,000 VND per kilograms at the end of the season” (Producer #2).

• A broader impact of GIs on the economic system can be seen from a community perspective, as GIs are unanimously regarded as a community asset. That is, they are largely instrumental in generating sustainable development at the region. Furthermore, one policymaker emphasized the positive impact of GIs to employability in rural areas.

  “GIs have been credited for boosting local employment opportunities for an array of workers of different levels. In turn, this prompts the reduction of the issue of urban migration, a presentably debatable issue in Vietnam” (Policymaker #1).
Research Results

*What are the contributions from GIs to economic system?*

- All families we have interviewed said they are in better economic conditions after joining in GI system.
- The infrastructure in their area is improved significantly.
- But there is a threat of cheating the system to cut off the production cost to earn more.
- Some farmers do not join in the associations but still earning by spill over impact.
How do GIs influence locality system?

• GIs have raised the awareness of preserving the natural capital and traditional value in Vietnam, in part due to the mandatory qualification stage of GIs registrations. Certain environmental conditions must be met in order to produce GI-registered products of high quality.

  “...farmers and producers should be aware of that condition, which propel their products to stand out amongst others with respect to uniqueness and quality.” (Policymaker #4).

• The environmental conditions are not unchanged but, instead, can decline. In fact, GIs are utilised for the purpose of identify the origin of goods whose quality, reputation and other characteristics are rooted from its geographical area.

  “It is necessary to teach farmers and producers how to ensure product quality and the production process and most importantly, preserve the condition for development” (Policymaker #2).
Research Results

*How do GIs influence locality system?*

• However, it still received backlash, as the local government management has been limited within the commercial purpose, while producers have to take the main possibility themselves.

• Some farmers we’ve interviewed worried that the other would not follow all procedure strictly
Research Results

What are the contributions from GIs to creative system?

- The involvement of technology in sustainable rural development has been widely popular across the world, and Vietnam is not an exception. For instance, in order for a GI-registered product to penetrate European or American market, a certain degree of technical barriers from these importing countries must be passed.

"These days’ commonplace storage technology not only helps lengthen the duration and collection of the product but also reduces to a certain extent the use of storage chemicals, which prove to be harmful in many cases. In turn, this can improve the profitability for producers." (Policymaker #5).

- Apart from the advantages, there are some disadvantages related to the involvement of technology. Cost efficiency is the most apparent one, which often prevents producers to move forward. In addition, some opine that the application of technological innovation in rural development in general and GI-register production should be put under strict control. The reason for that is to ensure the product attributes remain unchanged.

“GI producers in Vietnam should apply technology to their products when research for this type of technology has been conducted carefully.” (Policymaker #4)
Research Results

*What are the contributions from GIs to creative system?*

- Most of GI’s products of Vietnam are in agricultural sector and their progress is limited in technology application to increase productivity
- There is very little evidence of higher level of creativity, such as labeling, packaging, etc.
Research Results

What are the contributions from GIs to physical system?

• The infrastructure in rural areas has grown significantly in tandem with the development of GIs in Vietnam. The erection of the bottling plants in Phu Quoc Island is an obvious example of that, where the obligation of locating these plants there has contributed greatly to the island’s physical system.

  “Thanks to the successful GI registration, it has become more imposing and attracted a rising wave of producers.” (Policymaker #2)

  “Roads are projected to be widened to pave the way for business tours to local farms. Dams, tanking and pipeline systems have been installed to facilitate the use of farmers.” (Producer #1)
Research Results

What are the contributions from GIs to physical system?

• In fact, underdevelopment and lack of investment are the two most notable issues of the current infrastructure system of Vietnam, mainly owing to the under-budget of the local government, who shoulder the major responsibility (Policymaker #8). Simultaneously, the National Office of Intellectual Property can barely support the situation, due to the shortage of human resources (Policymaker #4).

• All factors of physical system such as built environment, infrastructure, technology, accessibility are in early stage.


Research Results

**What are the contributions from GIs to social system?**

- In Vietnam, the social system is most closely associated with stakeholder engagement in rural development. Particularly, throughout the GIs establishment process, their inclusiveness is important.

  "The local government has encouraged relentlessly the participation of as many as possible producers and processors, implying their crucial role in the success of GIs." (Policymaker #3)

- The most notable impact of GIs on the social system is its contribution to the development of representative associations for GI-registered products in the territory.

  "The underlying reason for establishing associations in Vietnam lies within the lack of communication and connection among producers themselves" (Producer #1).
Research Results

*What are the contributions from GIs to social system?*

- Farmers are focused mainly in economical benefit, then until they are satisfied, they are united in association to follow GI procedure.

- There are two ways to set up association:
  1. by support of a company (such as in Cao Phong), then they don't care of social benefit
  2. by support of local authority (such as in Phu Quoc), then they lack of management knowledge to secure efficiency.

- Both of them offer some risks for sustainable development
Policy implications

Improving the regulatory framework on geographical indications

• GIs in Vietnam has maturated convincingly over the past years. Nonetheless, producers in general still have obstacles registering and then protecting GIs, mainly due to the implicit legal framework. Therefore, it is important for the Central Government to make necessary amendment to the legislative framework to assist in the execution of producers.

• Laws, Decrees, Circulars and other regulations should provide a detailed process with every necessary step for GI registration. International regulations on protecting intellectual property in general and GIs in particular should be strictly applied. In addition, legal documents should include the updated criteria for management, monitoring and controlling GIs afterwards. More importantly, the Central Government should build a completed Code of Practice for GIs.

• Additionally, the role of the National Office of Intellectual Property (NOIP) should be noteworthy, which will play an important part in protecting GIs at both domestic and international levels. We suggest that in the near future, the NOIP should increase its collaboration with the Ministry of Agriculture.

• While the registration process requires the heavy involvement of the Central Government, it should be noted that in terms of GIs protection, the role of the local government should be more prominent.
Policy implications

*Improving the quality control system of post-GI registration*

- We recommend the Government to employ international experience in quality control system and innovative approaches and methods.
- The updated regulations of developed countries should be gathered and analysed to draw key lessons learnt for the case of Vietnam.
- The promotion activities of GIs should not be overlooked. One suggestion for Central and local authorities is to integrate GIs promotional events into annual large cultural events in the region, targeting both domestic and foreign partners.
- The powerful role of associations in the agricultural sector should be further enhanced. Instead of limiting the membership among producers, the government can regulate the mandatory representation of members from the local authority but not as the leader.
- The local authorities should further raise awareness of local farmers, consumers and other relevant stakeholders on the real value of these community assets.
Policy implications

Providing training and supports for GI producers

• It is necessary that all stakeholders engaged in the value chain of GIs should be equipped with sufficient knowledge, tools and techniques to participate in two of the most important actions in relation to GIs as aforementioned, preservation and promotion. In other words, there is a high need for providing relevant stakeholders with training courses.

• We identify multiple groups of stakeholders that can have an interest in training courses with different purposes as follows:
  • Value-chain stakeholders such as producers and their organisations
  • National and local authorities
  • Regulatory institutions, including the National Office of Intellectual Property
  • Supporting organisations: NGOs, academic and research organisations, practitioners in the field of GIs, consumer associations, environmental protection organisations and so forth
Policy implications

Improving the policy harnessing GIs for sustainable rural development

• In order to keep developing GIs and using them as a tool for sustainability in Vietnam’s rural areas, the support through a sound policy system is inevitably necessary. Specifically, policies should cover the three aspects of sustainable development (environmental, social and economic).

• First, in terms of environmental sustainability, it is essential to associate the GI system with biodiversity preservation, or complement it with environmental regulations. In fact, GIs improve the recognition of the relationship among natural conditions such as biological resources, water, land, cultural heritage and so on. Therefore, the in relevant regulations, legislators should take into account the link of GI products with the ecology as one criteria of GI specificity.

• Second, regarding the social sustainable development, it is important to continue raising awareness of GI products, its process and its difference from non-GI products to the public, increasing the access of a wider range of consumers or any objects having interests. On the other hand, the local authorities should adopt policies that encourage the participation of local actors, such as farmers, associations or producers in the production of GIs. Local authorities can propose planning of festivities linked to GI product, as a way of further engaging communities and promoting GIs.

• Third, to promote the economic sustainable development, the authorities should adopt policies to support the value added for the rural area thanks to the image and reputation of GI products. To be more specific, synergies among the GI system, local industries and other GI products should be created.
Conclusion

• Our study attempted to explore the relationship between GIs protection and sustainable rural development in Vietnam, considering the role of public policies in this matter and the involvement of local producers.

• The empirical results have shown that GI protection and implementation has made significant impacts to the sustainable rural development. This is evidenced by the economic development, the improvement of locality system, the application of technology in producing GI products, the development of local infrastructure, and the protection of social system.

• However, there remains weaknesses in controlling and maintaining quality of products after GIs have been registered. The study provides several implications for the Government to better use GIs as a policy tool in enhancing sustainable rural development in Vietnam.
THANK YOU FOR YOUR LISTENING!