

## **IMPLICATIONS ON ENHANCING THE LIVELIHOOD OF GI PRODUCT- MAKING HOUSEHOLDS IN QUANG NINH PROVINCE, VIET NAM**

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### **Abstract**

*Households' income has recently reaped vast interest from not only researchers but also policy makers all over the world. In the context of global economic integration, household products need to be of high quality, good design and clear origin. Products with geographical indication (GI) are gradually considered one of the practical and potential measures ensuring stable lives of producers because they promote prices and increase access to different markets. In fact, the protection of GI provides the producers with significant advantages. So far, 4 among 43 GI products that have won registration for protection in Vietnam come from Quang Ninh province (namely Ha Long grilled squid, Quang Ninh clam, Yen Tu Apricot Blossom and Van Don sea worm) yet these new GIs are primarily at the stage of establishing legal rights. The management and development of GI, which have not gained much devotion and almost left open, lead to the abused reputation of the products and painful failure to protect the benefits of both producers and consumers. The spreading counterfeit and fake goods are making Vietnam's products with GI in general and those of Quang Ninh in particular lose their dominance on the market. This desperately affects not only the products' reputation, the faith of consumers for these specialty products but the producers' income as well. The author conducted this research to investigate how main factors influence the income of GI products-making households in Quang Ninh, Vietnam. Accordingly, proper measures are recommended in order to improve the livelihood for these households in the future.*

*Keywords: Geographical indication, household income, livelihood, Vietnam*

## INTRODUCTION

Quang Ninh has long been famous as a leading destination, the land of scenic and natural wonder of the world. It also proudly owns the specialties from the forest to the sea which are known by consumers throughout Vietnam and overseas. Among these are 4 products that have successfully registered and gained protection with geographical indications, namely "Quang Ninh clam", "Ha Long grilled squid", "Yen Tu apricot blossom" and "Van Don sea worm". In the process of brand development for agricultural commodities in general and GI products in particular, Quang Ninh has focused on supporting the production and distribution channels along with the exploitation of broad promotion opportunities in order to improve the value and reputation for local specialties. Besides, the province has identified its targets for the registration of protection for each type of products. For example, with "Yen Tu apricot blossom" - the first and only flower be protected with geographical indication so far, the center of attention is on cultural and traditional aspect rather than economic benefits.

It can be asserted that the task of brand building for agricultural products in Quang Ninh has been on track and in accordance with practical requirements, thereby significantly contributing to promoting the production, enhancing the reputation and quality of the specialties as well as improving living conditions for the local producers. By October 2015, the province already completed the registration process for the protection and initially conducted management and exploitation on 4GI products while successfully set up 11 business associations and cooperatives of local people with the branded products.

However, the fact shows that the majority of rural population of Quang Ninh province mainly produce in an individual and small-scale manner. Additionally, there remain the shortage of capital and raw materials as well as poor techniques in farming, fishing, harvesting, processing, preserving and packaging of products, promoting brand and forecasting markets. Besides, the ability of building geographical indications for agricultural products of households in general is still limited although there has been relatively active participation of numerous organizations, associations and local authority in the propagation and dissemination of intellectual property. Moreover, the province's agricultural products are very unique with many products derived from the sea, which makes the task of learning and sharing experiences with other agricultural provinces somehow challenging.

With the hope that households in the districts of Quang Ninh province - the direct subjects of the branding program of agricultural specialties are aware of their roles and benefits from the exploitation of GI products, the author decided to conduct research on *"Implications for Enhancing the Income of GI Product-making Households in Quang Ninh province"* to serve

production activities to improve earnings and contribute to the implementation of sustainable development throughout the province.

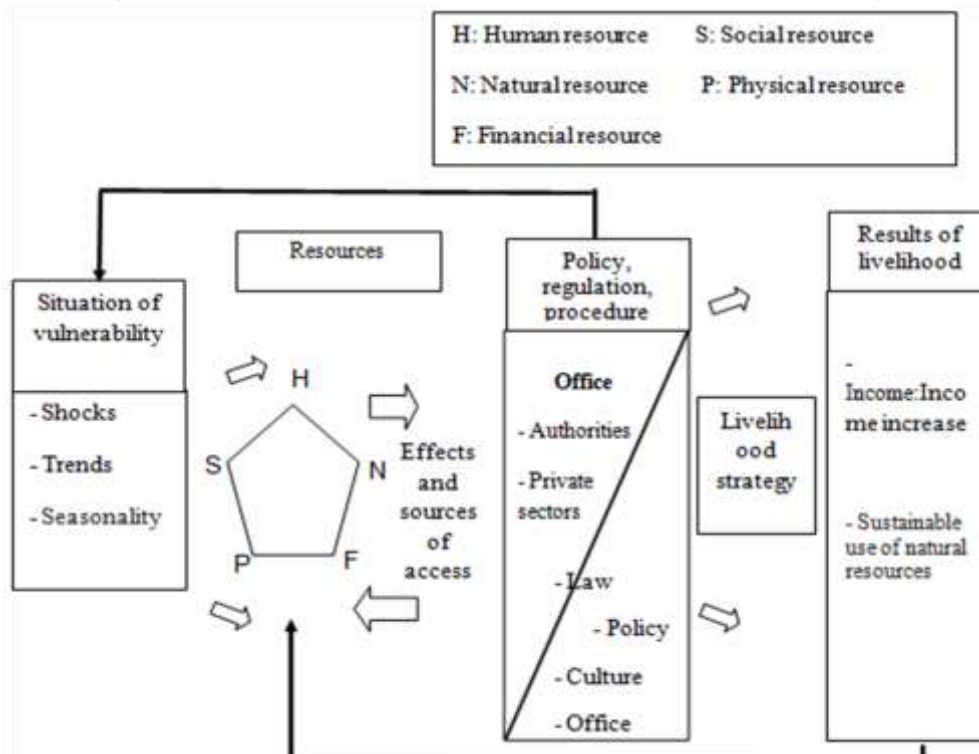
## RESEARCH METHODOLOGY

Deriving from studying the researches related to the income of households, geographical indications and GI products, it can be concluded that so far there has been no comprehensive research on the factors affecting the income of households making GI products in Quang Ninh province, Vietnam. Confronting this situation, the authors conducted this study on the basis of inheriting the related methods and findings. In terms of finance, income of household is the measure of production activities, economic and livelihood conditions. Particularly, it is the monetary value representing the result of production process and is determined through either of the following: Gross income; Net income and or Household labor income.

To evaluate the factors affecting the livelihood of GI product-making households in Quang Ninh, the author employed both qualitative and quantitative method. These two methods worked together and positively supported each other in clarifying statements or drawing conclusions of the research problem. The data for the research and evaluation was taken from both primary and secondary sources.

Figure 1. Analytical Framework

(Based on sustainable livelihood framework of DFID, 1999)

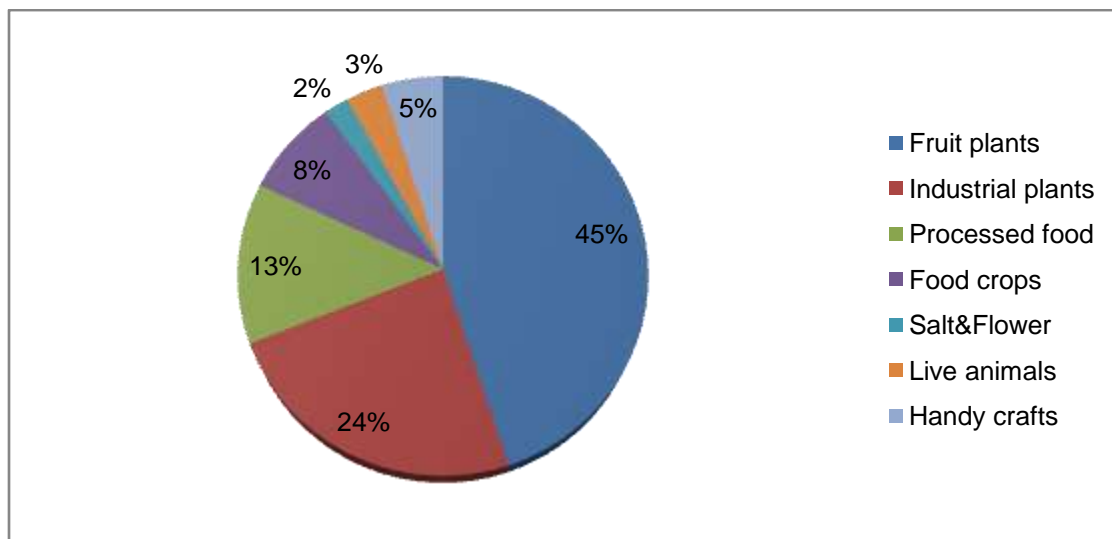


Secondary data was collected from the report, research results and officially announced data in related scientific researches. Primary data was collected through the combination of random sampling surveys and focus group interviews with producers. To be specific, households producing GI products were randomly invited to complete the designed questionnaire. It is mandatory that these chosen households live and conduct production in specified localities with GIs (i.e. Ha Long City for grilled squid, Van Don District for sea worm, Yen Tu Mountain for apricot blossom and Yen Hung District for Quang Ninh clam). The number of the samples was determined according to the Slovin formula with the reliability of 95%. Commonly, GI product-making households in Quang Ninh are characterized either as (1) individual producers, (2) members of collectives or (3) business owners (mostly of small and medium-sized scale), thus, the survey was supposed to cover all these 3 groups of respondents. Furthermore, intense interviews were also piloted with typical producers to support the compilation of primary data. Afterwards, data collected from sample surveys is to be encrypted and imported into Excel. Data processed with the help of SPSS 20 was used for the construction of multivariate regression model to determine the impacts of these factors on the income of producers, from which causes and solutions for increasing households' income were figured out.

## ANALYSIS AND RESULTS

By the end of October 2015, 43 GI products, most of which bear agricultural origin, already got recognized for protection in Vietnam and are categorized as follows:

Figure 1: GI product structure in Vietnam



Source: National Office of Intellectual Property of Vietnam

Accordingly, characteristics of 4GI products in Quang Ninh can be drawn as:

- Among four registered GI products, 3 of which bear rare origins, specifically, "Quang Ninh clam" and "Van Don sea worm" belong to 3% of live animals; "Ha Long grilled squid" is of 13% processed food (this is not to mention "Yen Tu apricot blossom", as mentioned above, the first and only flower in Vietnam granted GI protection up to the time of the study);
- Despite being considered agricultural products, 3/4 of GI products in Quang Ninh have materials harvested from the sea instead of the soil. Even "Yen Tu apricot blossom" which has purely agricultural origin must be attached with a special kind of soil found only in the area of Yen Tu Mountain - Quang Ninh.
- Among four forms of management for GI products in Vietnam, each of Quang Ninh GI products belongs to a different kind. Specifically, "Yen Tu apricot blossom" is under the management of People's Committee of Quang Ninh province; "Quang Ninh clam" is under the charge of the Provincial Department of Science and Technology; "Ha Long grilled squid" is directly administered by People's Committee of Ha Long City and "Van Don sea worm" is under the control of People's Committee of Van Don District. This heterogeneity results in overlaps and poor effectiveness of management activities, which hinders the potential development of the products.

Table 1: Description of Independent Variables

Variable	Description	Basis	Expectancy
<b>JOINSO<sub>i</sub></b>	Join social organizations	Nguyễn Quốc Nghi, Trần Quế Anh, Bùi Văn Trịnh (2011)	+
<b>IVEST</b>	Invest in Production	Huỳnh Thị Đan Xuân, Mai Văn Nam (2011)	+
<b>WTP<sub>i</sub></b>	Willingness to Pay	Vo Ngan Tho (2006)	+
<b>GOVSU<sub>i</sub></b>	Government support	Nguyễn Quốc Nghi, Trần Quế Anh, Bùi Văn Trịnh (2011)	+
<b>DEGREE<sub>i</sub></b>	Education & Skill	Phạm Lê Văn, (2013)	+
<b>AREA<sub>i</sub></b>	Area of Production	Hoàng Trọng (2008)	-
<b>CLASS<sub>i</sub></b>	Training opportunity	Chu Nguyễn Mộng Ngọc (2008)	+
<b>NUMB<sub>i</sub></b>	Number of household's employees	Hoàng Trọng, Bùi Văn Trịnh (2012)	+
<b>ENVICO<sub>i</sub></b>	Environmental condition	Hoàng Trọng, Chu Nguyễn Mộng Ngọc (2008)	+

With the use of SPSS 20, the data collected was put into a multivariate regression model to determine the impacts of these factors on the income of producers. Regression model result at first round revealed that the coefficient Sig. of the variable ASOGOV > 10%, which means the support of government has no statistical significance. Thus, the author excluded this variable from the model and tested the compatibility of the variable exclusion. Test results show that the variable exclusion is appropriate. The new model after excluding the variable ASOGOV is as follows:

Table 2: Finalized Regression Result

Model	Unstandardized Coefficients		Standardized	T	Sig.	
	B	Std. Error	Beta			
	(Constant)	-521.044	129.902		-4.011	.000
	DEGREE	289.155	55.354	.438	5.224	.000
	ADVA	-63.021	27.691	-.095	-2.276	.028
	AREA	2.515	.547	.264	4.596	.000
1	JOINSO	50.552	22.859	.071	2.211	.033
	CLASS	-51.443	22.445	-.078	-2.292	.027
	WTP	45.498	19.681	.115	2.312	.026
	INVEST	15.756	8.448	.091	1.865	.070
	NUMB	25.650	9.052	.090	2.834	.007

The processed results show that qualifications, advantageous location and production areas all have impact on households' income. In addition, the author has indicated that the investment in the products, the willingness to pay, the participation in social organizations and the training courses affect the income of producers. Besides, the participation in social organizations and training courses is also beneficial to households in increasing their income. Through their participation in these organizations, households can capture and access to the accurate, quick information and trade channels.

However, in the context of global economic integration, the products of households are expected to have not only high quality and appealing designs but also clear origin to guarantee both customers and manufacturers with economic potentials. GI Products, therefore, are such practical and relatively new measures contributing to the stabilization of producers' lives by raising prices and improving their products' access to different markets.

## RECOMMENDATIONS

Besides the general livelihood solutions as for other products, some of the following activities should be considered in order to really improve the income of producers of GI products in Quang Ninh:

- ✓ Firstly, position the correct value and market tastes toward the GI products: It is necessary to carefully consider and study each product right from the selection of registration dossiers - to ensure true quality, higher advantages and selling prices than similar products. The precise positioning of domestic markets will help expand into overseas markets to ensure the sustainable development.
- ✓ Secondly, strengthen the entity systems and financial resources: Institutional reforms to promote effective connection between "manufacturers" with three other "parties" (the State, associations and scientists) need implementing. Financial resources for the development of household production and the provincial associations are still not often and adequate, which makes it difficult for producers to expand their scale or invest in trade promotion, etc. The State and local governments should adopt appropriate and timely policies to support households improve their efficiency of production.
- ✓ Thirdly, promote the application of science and technology and boost product quality, particularly focusing on the stage of research for new products: For higher productivity and better quality, experience sharing among households is not enough. The training, learning and applying scientific-technological advances in cultivation, production and processing will significantly improve the efficiency of production and households' income with proper investment. As climate change is happening deeper and deeper, the source of raw materials for the production, processing and harvesting of GI products in Quang Ninh province are facing the risk of being contracted in scale and decreasing in quality. Therefore, the task of implementing research for new products on the original raw materials called GI derivatives needs to be paid attention to ensure sustainable development.
- ✓ Fourthly, strengthen promotional activities, trade promotion and market development: It is necessary to increase investment in improving the quantity and quality of the promotion fairs for GI products; expand trade and distribution channels to persuade more and more customers.
- ✓ Fifthly, improve the efficiency of the management and control: It is essential to identify and develop appropriate management models to promote strength of parties involved and contribute to an increased income for producers.



## CONCLUSION

It is essential to develop the regions with great potentials on the basis of the conditions and characteristics of the economic-social development as well as the advantages of available resources of each region in order to best exploit the national potentials for sustainable development. Via the analysis of factors affecting the income of GI products makers in Quang Ninh province, limitations as well as disadvantages encountered by the producers are identified. Accordingly, solutions are proposed to promote the factors with positive impact on income and living improvement for households in Quang Ninh in coming course.

Although GI is the collective property, it could promise significant benefits for those who produce GI products if managed effectively. However, the reality in Vietnam shows the inadequacies, overlaps and lack of disciplines in the management as well as limitations in the ability to manage the resources of producers, leading to inefficiency in promoting the economic and social potential of intellectual property GI to its fullest. With the provision of multi-dimensional perspectives on the impacts of influencing factors on the livelihoods of producers in Quang Ninh in recent years, the authors boldly proposed a number of implications to advance producers' income as well as enhance the value of the GI products of Quang Ninh in particular and those of Vietnam in the near future.

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