

A REVIEW OF MANAGEMENT INFLUENCE ON THE LIVELIHOOD OF HOUSEHOLDS MAKING GI PRODUCTS IN VIETNAM

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Abstract

The study on advancement of GI over national and international scope is a critical requirement in the development strategy of Vietnam not only in the short run but also in the long run. The aim of this study is review of management influence on the livelihood of households making GI products. On that basis of critical review, the author particularly recommended a number of measures to improve the livelihood for GI producers as well as to promote the value of GI products of Vietnam in the near future.

Keywords: GI products, Households making, Livelihood, VietNam

INTRODUCTION

Geographical indication (GI) is a special component of the intellectual property rights. Vietnam is a country that holds big advantage in producing products with unique characteristics. Therefore, the study and advancement of GI over national and international scope is a critical requirement in the development strategy of Vietnam not only in the short run but also in the long run. The exploration and evaluation of elements to create the reputation for products of the organization, producing and trading households, and enterprises are made up of the central factors which are the unique properties of the products associated with each particular geographic area. Thus, GI products will create exceptional and advanced value if we - the manufacturers, managers and communities know how to multiply its potential. However, it is a sad fact in Vietnam that the constraints, overlaps and loose in the management as well as the limitations in the ability to self-manage the resources of producers have prevented GI products from promoting their socio-economic advantage GI. With the provision of a multi-dimensional

perspective on the impact of management activities, in this study, the author particularly recommended a number of measures to improve the livelihood for GI producers as well as to promote the value of GI products of Vietnam in the near future.

REALITY

Management of GI products can be defined as the exertion of legal provisions to protect, develop and use the protected products in such effective ways. These management activities aim to implement the following key objectives:

- ✓ To ensure the right to use legal GI for organizations and individuals who are eligible to use while preventing unauthorized exploit;
- ✓ To certify GI products really meets the requirements, conditions of protection in order to maintain their reputation and prestige meanwhile warranting consumers with high-quality products with clear origin as registered;
- ✓ To prompt the value and price of GI products, expand markets, increase income for producing and trading households, contribute to promote socio-economic development of the local areas and of the country as well.

By the end of Feb 2017, 53 GI products, most of which bear agricultural origin, already got recognized for protection in Vietnam. Specifically, products in the fruit group account for the highest percentage of 45, another 24% are industrial plants, processed foods stand for 13% and 8% represents the group of food crops. The rest scattering 2%, 3% and 5% correspond to salt & flowers, live animals, and handy crafts, respectively. Understandably, the great variety in the form of GI products desperately triggers huge challenge towards the administrative exertion.

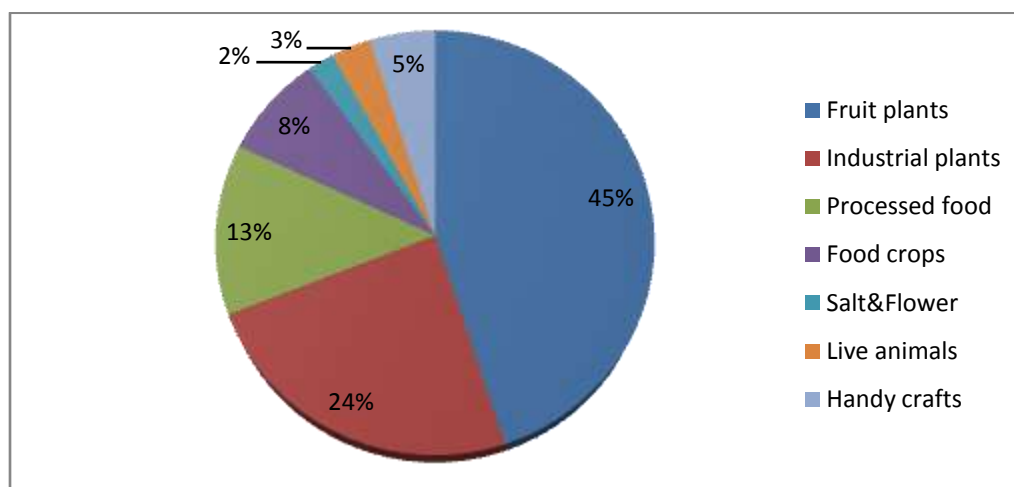


Figure 1: GI product structure in Vietnam

(Source: National Office of Intellectual Property of Vietnam)

Like the model of many other countries, Vietnam also classifies the agencies involving in management of GI products into 3 main categories: (1) A system of state agencies; (2) An association of producers and traders of GI products and (3) Enterprises, producers and traders of GI products. In line with these 3 classifications of agencies are 3 levels of management: (1') Macro management; (2') Internal management and (3') Self-management. The content and specific role of each entity in the management system are described as follows:

- ✓ **Management at macro-level (government bodies):** Division on GI and International Trademark, Intellectual Property Department, Science and Technology Ministry performs the function of the state management and ensures the operation of related GI activities in the national scope. Specifically: (i) To chair and coordinate with relevant agencies to build and perfect the system of legal documents on GI; develop strategies, plans, programs, projects and measures to promote and improve activities of GI intellectual property system; (ii) To establish and protect the rights of intellectual property; (iii) To implement the international cooperating activities for GI products; (iv) To provide professional guidance and direction on intellectual property for management bodies of the ministries, branches and localities throughout the country.
- ✓ **Internal management (local agencies):** People's Committee of Province/City/District, Scientific and Technological Departments, associations, cooperatives, local villages and so on have the following functions: (i) to check the origin of raw materials; orientate, inspect and monitor production, processing and product quality; (ii) certify products with geographical indication; (iii) monitor the compliance with the provisions of the production and processing; (iv) control the transfer of the rights of use between producers, processing households and commercial households. In particular, the authorization to use the geographical indication for producers is important work conducted when the registration dossiers for geographical indication are prepared.
- ✓ **Self Management (producers):** The self-management is done by the producers themselves. The self-management by the production households aims to ensure not only the reputation of the geographical indications in general but also their prestige in particular which helps generate a competitive advantage for the products compared to others of the same kind in the region.

Under the legal provisions of Vietnam, geographical indications are owned by the state, so the state can directly execute the right to manage through the authorities or empower the management of geographical indication for organizations which represent the rights of all the organizations and individuals who are permitted to use geographical indications (Intellectual Property Law, Article 121.4). Characteristics of the GI management is not only in the

management of production, from raw material sources, quality control during production process, but also the management of the distribution channels and consumption of products. So, in addition to internal control, external control is also critical.

Table 1: Macro Management of GI products in VN

Number of GI products	Management Arrangement			
	People's Committee of the province/ city	Department of Science and Technology	People's Committee of the City (belong to the province)	People's Committee of District
17	X			
25		X		
02			X	
09				X

(Source: General Department of Intellectual Property, February 2017)

Specifically, the management system for 53 GI products in Vietnam (4 of which are of foreign origin) is classified as follows:

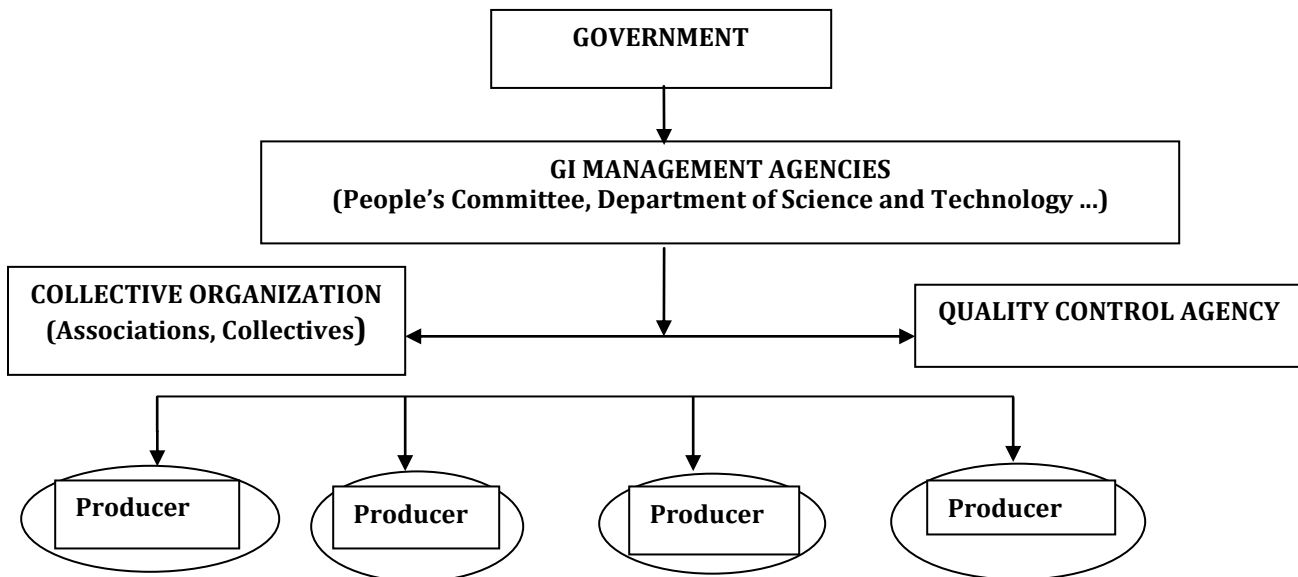


Figure 2: GI management system in Vietnam

(Source: Compiled by author from various sources)

Currently, the regulations on GI products as well as management content on GI in Vietnam lack specialization, therefore each of 38 registered GI has been administered in such a different way.

Accordingly, Assessment of Vietnam's GI in terms of management activities will be based on the operation condition of the collective organizations with producers of GI products. Simultaneously, the overall picture of management impact on the income of GI-making households will be revealed.

Regarding administrative aspect, GI products in Vietnam can be collocated into 3 types based on the characteristics of the management agencies and their impact on the income of production households. This factor is considered decisive to the success of GI products which positively channels the livelihood strategy of production households.

Table 2: Classification on characteristics and impact of management

Type	Characteristics	Impact on households' income
TYPE 1	<ul style="list-style-type: none"> - GIs have not had their own organization yet. - The State bodies bear the function of conducting the whole process of registering Intellectual Property right protection. - There is a vague status and overlap where the State is directly involved in management at micro level instead of macro one. - There exists no truly macro and external administration from the State. 	<ul style="list-style-type: none"> - No standard set of procedures are established, thus GI products are still processed based on a normal mechanism without guarantee on quality. - Programs to boost commerce and promotion channels have not been implemented; therefore, differences in the economic value of GI products before and after the chartered protection are not created. - Inadequate propaganda schemes on GI result in the fact that even the direct subjects in the system – producing and trading households hold modest awareness towards the role and value of GI and GI products. - In reality, the right to use GI is delegated to no individual subject, which constricts the effective exploit of GI products.
TYPE 2	<ul style="list-style-type: none"> - A collective organization has been established, but the organization is not truly involved in the management of GI products. - There exists overlaps and be wilderness between the role of collective organization and macro management. 	<ul style="list-style-type: none"> - The organizational structure of quality control system is simple, loose and remains limitations, especially in delegating the right to use GIs. - Greater and deeper involvement of state authorities, ministries and departments in controlling the quality makes the system voluminous, overlapping; therefore, the

<ul style="list-style-type: none"> - Responsibilities of control agencies and collective organizations are sometimes not allocated properly. - Control operations from outside and inside are not always done simultaneously. 	<p>practical effect remains limited.</p> <ul style="list-style-type: none"> - There are too many administrative and politicized procedures to follow which hinders the smooth operations.- External and internal management operations conflict strongly.
<p>TYPE 3</p> <ul style="list-style-type: none"> - Collective organizations play an essential role throughout the process of building, registering and managing GIs. - Associations coordinate with the specialized agencies to set up mechanisms and to organize a strict control over the application of technical standards in cultivation and processing GI products. - Associations actively seek distribution channels and markets; developing technical procedures which are the combinations of traditional techniques with modern technological advancements; implementing application of internal quality control regulations from production to consumption. 	<ul style="list-style-type: none"> - Households involved in making GI products in specific areas voluntarily gather under collective organizations where certain regulations are to be followed and recognized members could enjoy a number of benefits. - Begin a future where GI product making households can participate in the mass market with large and stable items while potential risks and profits are shared between producing and trading households). - The producers are assured of output for products while consumers can easily buy products with correct brand indications. - Production households receive regular and positive support in trade, market, finance in order to stay active and dynamic in producing and exploiting GIs in the most efficient way.

Table 2...

IMPLICATIONS

Heading for a bright near future where GI products of Vietnam could proudly enter international stage, thus benefit producers much better, following suggestions should not be taken for granted:

✓ *GI owners need to be clearly identified:*

GI are collective assets, therefore, GI products should be gathered under collective organizations in the form of cooperatives or production associations whose members are producers voluntarily participating in the development and management of GI. These organizations play a particularly crucial role and are responsible actors in the construction, development and management of GI.

✓ *The power of organizations and individuals involved needs to be maximized:*

Although GIs are state-owned, the use and exploitation are delegated to individuals and organizations involved in the stated geographical area. Therefore, the subjects participating in collective organizations need to have representatives for not only the production facilities but also the households to ensure benefits of all organizations and individuals in the chain of activities related to the management of GI products.

✓ *The capacity and independence of collective organizations should be enhanced in terms of management:*

It is advisable for Vietnam to learn from the experience of many developed countries in this field, the collective organizations of production, processing and trade have a very important role in the whole process of management of GI. These are tightly organized associations with legal rights and obligations. The rights are granted by the State to use and recognize the value of products and regulate effective protection. On the other hand, these organizations are supposed to be responsible for ensuring the development and sustainability of the products and community benefits. Responsibilities of the collective organizations become greater with the increasing certified quality and popularity of the products on international markets.

✓ *Administrative procedures ought to be reduced:*

GIs are the property of the state and owned by the state. However, this does not mean that the management of geographical indications is merely granted to the government and administrative agencies. The management with excessive administrative procedures will lead to the lack of democracy and activeness in the operation of collective organization as well as the reduction of prestige of the collective organizations' leaders.

CONCLUSION

In the context of global economic integration today, household products need to have not only the high quality, the beautiful design but also the clear and guaranteed origin. This is the condition to help producers acquire certain economic benefits. GI products are one of the practical and quite new measures to help improve livelihood for production households through premium selling price and high potential to access different markets. Actually, GI products still seem a cutting-edge notion to both direct and indirect subjects, including functional agencies, production households and consumers. The reality of management on GI products in Vietnam has revealed several deficiencies, which derives producers of potential benefits due to inadequate protection and poor awareness. So far, granting protection for GI products in

Vietnam has not gone far from recognizing a special name which has existed for a long time. Therefore, soon innovation and improvement in terms of management towards GI products should be promptly conducted in such systematic and proper course of action so that the livelihood of Vietnamese production households could better off in up-coming future. In further research, the author will conduct primary data surveys in the region or the entire territory of Vietnam to analyze this issue.

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