

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)
MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT,
SOCIALIST REPUBLIC OF VIETNAM (MARD)

**THE STUDY ON
ARTISAN CRAFT DEVELOPMENT PLAN
FOR RURAL INDUSTRIALIZATION
IN THE SOCIALIST REPUBLIC OF VIETNAM**

**Final Report
VOLUME 1
MASTER PLAN STUDY**

February 2004

**ALMEC CORPORATION
INTERNATIONAL DEVELOPMENT CENTER OF JAPAN**

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PREFACE

In response to the request from the Government of the Socialist Republic of Vietnam, the Government of Japan decided to conduct “The Study on Artisan Craft Development for Rural Industrialization in the Socialist Republic of Vietnam” and entrusted the study to the Japan International Cooperation Agency (JICA).

JICA dispatched a study team headed by Dr. IWATA, Shizuo of ALMEC Corporation, 8 times during the period from February 2002 to January 2004.

The study team conducted the study with the Vietnamese counterpart team and held a series of discussions with the officials concerned of the Government of Vietnam. After the team returned to Japan, further studies were made and then the report was finally completed.

I hope that this report will contribute to the economical growth and poverty reduction in rural areas through promotion and development of the craft sector in Vietnam.

I wish to express my sincere appreciation to the officials concerned of the Government of Vietnam for their close cooperation extended to the study team.

February 2004

IZAWA, Tadashi
Vice President
Japan International Cooperation Agency

February 2004

Mr. Tadashi Izawa

Vice President

JAPAN INTERNATIONAL COOPERATION AGENCY

Tokyo

Letter of Transmittal

Dear Sir,

We are pleased to formally submit herewith the final report of the “The Study on Artisan Craft Development for Rural Industrialization in the Socialist Republic of Vietnam”.

This report embodies the results of the Study which was undertaken both in Vietnam and Japan from February 2002 to February 2004 by the Study Team composed of ALMEC Corporation and International Development Center of Japan.

We owe a lot to many people for the accomplishment of this report. First, we would like to express our sincere appreciation and deep gratitude to all those who extended their extensive assistance and cooperation to the Study Team, in particular the Ministry of Agriculture and Rural Development in Vietnam.

We also acknowledge the officials of your agency and the Embassy of Japan in Vietnam for their support and valuable advice.

We wish the report would be able to contribute to the promotion and sustainable development of craft sector to attend poverty and growth issues adequately in Vietnam.

Very truly yours,

Shizuo Iwata

Team Leader,

THE STUDY ON ARTISAN CRAFT DEVELOPMENT FOR RURAL
INDUSTRIALIZATION IN THE SOCIALIST REPUBLIC OF VIETNAM

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ARTISAN CRAFT DEVELOPMENT PLAN
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Final Report

Volume 1 Master Plan Study

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Abbreviations

ADB	Asian Development Bank
AEQM	Areawide Environmental Quality Management
AFTA	ASEAN Free Trade Area
APEC	Asia-Pacific Economic Cooperation Conference
ASEAN	Association of Southeast Asian Nations
BDS	Business Development Services
BIDV	Bank for Investment and Development
BOD	Biochemical Oxygen Demand
BPSC	Business Promotion and Service Center
CBT	Community-Based Tourism
CCF	Central People's Credit Fund
CEM	Committee for Ethnic Minorities
CEPT	Common Effective Preferential Tariff
CIEM	Central Institute for Economic Management
COD	Chemical Oxygen Demand
COV	Copyright Office of Vietnam
CPC	Commune People's Committee
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
CSRO	Central Sericulture Research Organization
DAFPRI	Department of Agro-Forestry Products Processing and Rural Industries
DAFPPSI	Department of Agro-Forestry Products Processing and Salt Industries
DARD	Department of Agriculture and Rural Development
DOC	Department of Construction
DOCI	Department of Culture and Information
DOD	Department of Defense
DOET	Department of Education and Training
DOF	Department of Finance
DOI	Department of Industry
DOLH	Department of Land and Housing
DOLISA	Department of Labors, War Invalids and Social Affairs
DOP	Department of Police
DOS	Department of Statistics
DOSTE	Department of Science, Technology and Environment
DOTax	Department of Tax
DOTourism	Department of Tourism
DOTrade	Department of Trade
DOTransport	Department of Transport

DPC	District People's Committee
DPI	Department of Planning and Investment
EIA	Environmental Impact Assessment
EPA	Environmental Protection Agency
FDI	Foreign Direct Investment
FOB	Free On Board
FSC	Forest Stewardship Council
FU	Vietnam Farmer's Union
GDP	Gross Domestic Product
GMS	Greater Mekong Subregion
GSO	General Statistics Office
GTZ	German Technical Cooperation
HCMC	Ho Chi Minh City
HDI	Human Development Index
HRPC	Vietnam Handicraft Villages Research and Promotion Center
ICBV	Industrial and Commercial Bank of Vietnam
IFAT	International Fair Trade Association
ILO	International Labour Organization
ISO	International Standard Organization
ITC	International Trade Centre
ITCR	Institute for Tourism Research and Development
ITPC	Investment and Trade Promotion Center
IUCN	The World Conservation Union
JBIC	Japan Bank for International Corporation
JETRO	Japan External Trade Organization
JICA	Japan International Cooperation Agency
JIDPO	Japan Industrial Design Promotion Organization
MARD	Ministry of Agriculture and Rural Development
MDF	Medium-Density Fiber
MOAR	Ministry of Aquatic Resources
MOC	Ministry of Construction
MOCI	Ministry of Culture and Information
MOET	Ministry of Education and Training
MOF	Ministry of Finance
MOI	Ministry of Industry
MOJ	Ministry of Justice
MOLISA	Ministry of Labour, War Invalids and Social Affairs
MONE	Ministry of Natural and Environment
MOST	Ministry of Science, Technology
MoT	Ministry of Trade
MOT	Ministry of Transport
MPI	Ministry of Planning and Investment
MRDP	Mountain Rural Development Programme
NCSSH	National Centre for Social Sciences and Humanities
NEA	National Environmental Agency
NFUAJ	National Federation of UNESCO Associations in Japan
NGO	Non-Governmental Organization
NOIP	National Office of Intellectual Property
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OJT	On the Job Training
PC	People's Committee
PCF	People's Credit Fund
PCT	Patent Cooperation Treaty
PPC	Provincial People's Committee
PPE	Personal Protective Equipment
PRA	Participatory Rural Appraisal
SA	Social Accountability
SBV	State Bank of Vietnam
SME	Small and Medium Enterprise
SMEPC	Small and Medium Enterprises Promotion Center
SNV	Netherlands Development Organization
SOE	State Owned Enterprise
STAMEQ	Directorate for Standards and Quality
SIYB	Start and Improve Your Business
TQM	Total Quality Management

UAE	United Arab Emirates
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
VACNE	Vietnam Association of Conservation of Nature and Environment
VARISME	Vietnam Association of Rural Industrial SME
VBA	Vietnam Bank for Agriculture
VBARD	Vietnam Bank for Agriculture and Rural Development
VBP	Vietnam Bank for Poor
VBSP	Vietnam Bank for Social Policies
VCA	Vietnam Cooperative Alliance
VCB	Vietcombank
VCCI	Vietnam Chamber of Commerce and Industry
VFSI	Vietnam Forest Science Institute
VIETRADE	Vietnam Trade Promotion Agency
VISERI	Vietnam Sericulture Cooperation
VNAT	Vietnam National Administration of Tourism
VNCP	Vietnam National Cleaner Production Centre
WB	World Bank
WIPO	World Intellectual Property Organization
WTO	World Trade Organization
WTO	World Tourism Organization
WU	Vietnam Women's Union
WWF	World Wildlife Fund

Part I

Master Plan Study

1. INTRODUCTION

1.1 Study Background

While a number of aid agencies and nongovernmental organizations (NGOs) have already implemented developmental projects in non-farm sectors, only a few of them have provided help to craft making, which is one of the integral components of non-farm activities. Their intervention was also limited to small-scale projects and was geographically partial. On the other hand, the Government's support programs on artisan craft development have yet to be fully implemented. The United Nations Industrial Development Organization (UNIDO) launched a technical cooperation project in 1996 recognizing the need to uplift the craft sector. The project, in cooperation with Vietnam's Ministry of Agriculture and Rural Development (MARD) and Ministry of Planning and Investment (MPI), carried out various activities to preserve, promote and develop the artisan crafts along with implementing social development projects. It recommended, among others, the formulation of a specific policy framework at the national level to develop the craft industries. Acting on this recommendation, the Vietnamese government requested the Japanese government to undertake a master plan study on regional development through the promotion of artisan crafts.

At the same time, the Vietnamese government's Eighth National Development Plan (2001-2005) stipulates, among others, the promotion of non-farm activities in the rural areas. Its main development strategies are: (1) to develop craft villages and develop rural areas and regions that produce crafts, (2) to improve distribution of agricultural products in rural areas, and (3) to disseminate required technologies for job creation in non-farm sectors. In November 2000, Decree No. 132/2000/QĐ-TTg by the Prime Minister was made effective which assigned MARD to establish specific policies and measures for promoting rural industries including traditional crafts. The Comprehensive Poverty Reduction and Growth Strategy (CPRGS)¹ also emphasizes the importance of the development of small- to medium-size industries in rural areas.

In this context, the Japan International Cooperation Agency (JICA) fielded a project formulation mission in July 2001 to discuss with the Vietnamese government possible cooperation in this field. The Mission positively appraised the MARD's capability to implement the master plan study. The contents of the requested study and the Government's support structure were fully discussed. Consequently, the preparatory mission was dispatched in October 2001 and the Scope of Work was agreed upon between the Vietnamese government and the Mission.

1.2 Study Objectives

The Study aimed to prepare a master plan that will incorporate specific recommendations and a proposed action plan for artisan craft development. This objective would be realized by analyzing the developmental needs of the craft

¹ Socialist Republic of Vietnam, "The Comprehensive Poverty Reduction and Growth Strategy", May 2002

industries and implementing pilot projects. The Study's specific objectives are as follows:

- (a) **Preparation of Master Plan:** The Study aimed to recommend a practical policy framework, i.e. a master plan and implementation strategies for artisan craft development, which will match market demands and contribute to job creation in rural areas.
- (b) **Implementation of Pilot Projects:** The Study aimed to investigate the applicability of the proposed policy framework through the implementation of pilot projects and to ascertain replicability and sustainability of selected pilot projects; and,
- (c) **Support to the Vietnamese Government:** The Study aimed to provide necessary support and ensure ownership by the Vietnamese government counterpart and other stakeholders of the study process and results through technology transfer and proper coordination.

1.3 Study Coverage

1) Target Craft Items

The Study covered the following 11 categories of artisan crafts, namely: (1) rush weavings, (2) lacquerware, (3) bamboo and rattan products, (4) ceramics, (5) embroidered products, (6) woven textiles, (7) woodcrafts (chairs, tables, and woodcarvings), (8) stone carving, (9) handmade paper, (10) woodblock prints, and (11) metalwork.

2) Study Area

The study area covered Vietnam's 61 provinces². However, priority was given to provinces where craft villages already exist and where artisan crafts play an integral role in regional development. The target areas of the Study are as follows:

- (a) **Craft Villages:** Target craft villages by province identified in the National Craft Mapping Survey are shown in Figure 1.3.1.
- (b) **Candidate Model Provinces:** Based on the results of the mapping survey, all 61 provinces were classified into nine categories. Ten candidate model provinces were eventually selected based on craft promotion potential and attention to poverty.
- (c) **Model Provinces:** Out of the 10 candidate model provinces, identified based on the Study and consultation meetings with the Vietnamese counterpart, four model provinces were selected, based on an agreed set of criteria, for a more detailed study. The selection was approved by the Steering Committee. The selected provinces are Ha Tay in the north, Quang Nam in the central, An Giang in the south

² Based on the Resolution No. 22/2003/NQ-QH11 of November 26, 2003 by the National Assembly on Division and Adjustment of the Administrative boundaries of A Number of Provinces, three provinces (Can Tho, Dak Lak and Lai Chau) have been divided. This Resolution was adopted and Vietnam has 64 Provinces and Cities from that date.

and Lai Chau in the northern mountainous region.

- (d) **Pilot Project Sites:** Pilot project sites were mainly selected from the four model provinces, although a few other sites were selected depending upon the objectives of the pilot projects (refer to Table 1.3.1).

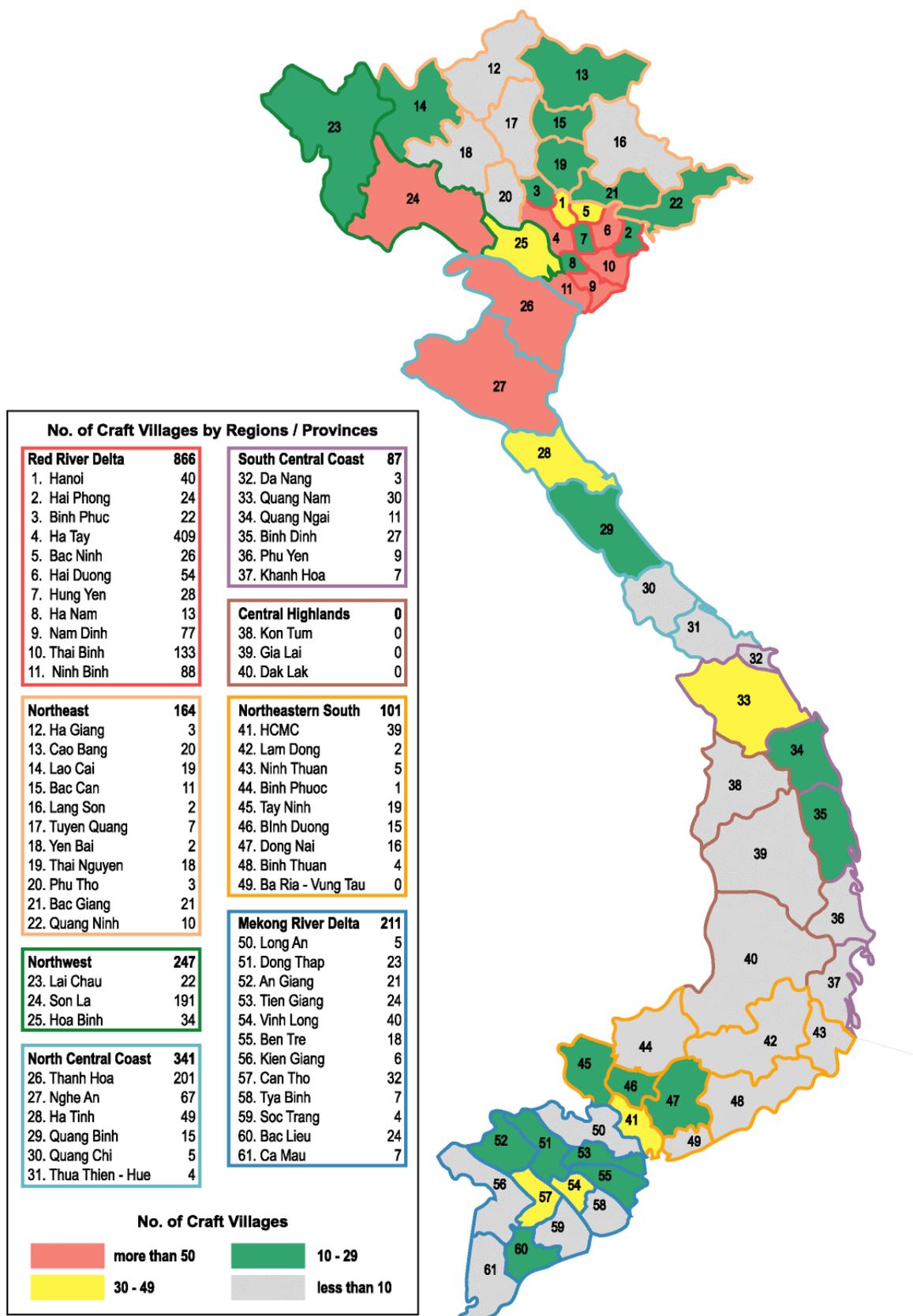
Table 1.3.1 Pilot Project Sites and Target Craft Items

PP	Province	District	Commune	Craft Village	Craft Item
PP1					
PP2	Ha Tay	Thach That	Binh Phu	Thai Hoa	Bamboo& Rattan
		Hoai Duc	Son Dong	Son Dong	Wood carvings
		Thanh Oai	Thanh Thuy	Du Du	Wood carvings
		Chuong My	Phu Nghia	Phu Vinh	Bamboo& Rattan
		Thuong Tin	Ninh So	Xam Duong 3	Bamboo& Rattan
			Van Diem	Van Diem	Wood carvings
	Phu Xuyen	Phu Tuc	Luu Thuong	Woven grass items	
	Quang Nam	Tam Ky Town	Tan Phu	Tam Phu	Woodcrafts
			Tan Thanh	Phan Boi Chau St.	Woodcrafts
		Hoi An	Cam Kim	Kim Bong	Wood carvings
		Duy Xuyen	Duy Son	Tra Kieu	Bamboo& Rattan
			Duy Phuoc	Hamlet 3	Bamboo& Rattan
	Nui Thanh	Nui Thanh	Hamlet 3	Bamboo& Rattan	
	Thai Binh	Kien Xuong	Nam Cao	Cao Bat	Silk products
Thai Binh		Phu Khanh	Phu Khanh	Silk products	
PP3	Bac Ninh	Gia Binh	Dai Bai	Dai Bai	Bronze castings
	Lai Chau	Dien Bien	Nua Ngam	Na Sang 2	Woven fabrics (Lao ethnic minorities)
PP4					
PP5	Ha Tay, Nam Dinh, Bac Ninh				Bronze, stone, wood, lacquerware
PP6	Ha Tay	Ha Dong	Van Phuc	Van Phuc	Silk products
PP7	An Giang	Tinh Bien	Van Giao	Van Giao	Woven fabrics (Khmer ethnic minorities)
	Lai Chau	Tua Chua	Xinh Phinh	Ta La Cao	Embroideries (Hmong ethnic minorities)
PP8	Ha Tay	Thoung Tin	Duyen Thai	Ha Thai	Lacquerware
	Ninh Binh	Kim Son	An Hoa	Hamlet 8	Rush products

Source: JICA Study Team

Remarks: Project sites of PP1, PP4 and PP5 were not specified.

Figure 1.3.1 Distribution of Craft Villages



Source: Craft Mapping Survey, 2002

1.4 Study Progress

The Study has been implemented in accordance with the timetable shown in Figure 1.4.1. Main activities undertaken so far include the following:

- (a) February - March 2002 (1st field survey)
 - Discussion of the Inception Report in the 1st Steering Committee Meeting
 - Conduct of survey and analysis of current situation of crafts in Vietnam
 - Survey of activities and projects of related organizations including public sector and NGOs
 - Commencement of National Craft Mapping Survey by holding consultation workshop with the participation of representatives from all the provinces
- (b) March - June 2002 (1st home office work)
 - Review of Japanese policies on craft sector promotion
 - Preparatory work for the first seminar in Vietnam
- (c) June - July 2002 (2nd field survey)
 - Survey and analysis of current situation of crafts in Vietnam
 - Conduct of the first seminar including exhibition of crafts in Hanoi and HCMC
 - Monitoring of the National Craft Mapping Survey
- (d) July - August 2002 (2nd home office work)
 - Analysis of outputs of the National Craft Mapping Survey
- (e) September - October 2002 (3rd field survey)
 - Conduct of a series of group discussions on five topics including “Traditional Value and Design Promotion of Crafts”, “Manufacturing Process and Business Management”, “Market Development and Distribution Management of Crafts”, “Craft Development and Promoting in Communities of Ethnic Minority Groups”, and “Craft Sector Development Strategy at Provincial Level (Ha Tay Province)”
 - Conduct of workshops in HCMC and Hanoi on the selection of candidate model provinces
 - Survey and collection of data on candidate model provinces and submission of candidate model province report
 - Discussion on candidate pilot projects
- (f) November - December 2002 (4th field survey)
 - Submission of Interim Report
 - Selection of pilot projects at 2nd Steering Committee Meeting and their commencement

- (g) February - March 2003 (5th field survey)
- Interim evaluation of pilot projects at 1st Pilot Project Workshop
 - Interim evaluation of pilot projects at 3rd Steering Committee Meeting
- (h) May - June 2003 (5th field survey)
- Interim evaluation of pilot projects at 2nd Pilot Project Workshop
- (i) September 2003 (6th field survey)
- Presentation of the entire progress of activities, evaluation of pilot projects and discussion about recommendations to the Master Plan at 3rd Pilot Project Workshop
 - Evaluation of pilot projects, report on Draft Master Plan and proposal on the establishment of Craft Council at 4th Steering Committee Meeting (submission of Draft Final Report)
 - Conduct the first judging of Vietnam Artisan Craft Competition in Hanoi
- (j) October - November 2003 (7th field survey)
- Discussion about current situation of provinces and reporting on Draft Provincial Master Plan of four model provinces at Model Provincial Workshops (Ha Tay, Quang Nam, An Giang, and Lai Chau)
 - Discussion among four main ministries for craft sector development (MARD, MOI, MOCI and MoTrade) and submission of revised Draft Final Report
- (k) January 2004 (8th field survey)
- Conduct the final seminar and exhibition in Hanoi and HCMC
 - Conduct the final judging of Vietnam Artisan Craft Competition in Hanoi
 - Discussion on Draft Master Plan and institutional arrangement for the establishment of Craft Council at 5th Steering Committee Meeting

Figure 1.4.1 Study Process

Year/ Month	Stage	Study	Report, Discussion	Seminar, Workshop
2002	2 Home Office Preparatory Works	1 Information Gathering and Analysis	2 Preparation of Inception Report	
	3 First Home Mission	6 Preparation of National Craft Mapping - Step1	3 Presentation and Discussion on Inception Report	
	4		4 Analysis on Current Status of Artisan Crafts -Step1	
	5 First Home Office Work	8 Preparation of National Craft Mapping - Step2	5 Evaluation of Related Projects	
	6 Second Field Survey		7 Analysis of the Results of First Field Survey	10 Preparation of Seminar
	7 Second Home Office Work	14 Implementation of National Craft Mapping	9 Review of Local Industry Development in Japan	11 Preparation of Workshop
	8 Third Field Mission	16 Analysis of the Results of the National Craft Mapping	12 Analysis on Current Status of Artisan Crafts -Step1	13 Organization of Seminar and Workshop
	9		15 Analysis of the Results of the Second Field Survey	
	10 Third Home Office Work	18 Selection of Candidate Model Provinces	17 Discussion with Vietnamese side	
	11 Forth Field Mission	20 Field Survey for Candidate Model Provinces		19 Organization of Model Provinces Selection Workshop
	12	21 Analysis on the Survey Results in Candidate Model Provinces		
	2003	1	25 Decision of Pilot Projects	22 Discussion of Pilot Projects
2		23 Preparation and Submission of Interim Report		
3 Fifth Field Mission		26 Initiation of Pilot Projects	24 Explanation of Interim Report	
4			29 Analysis on Current Artisan Craft Development and Future Directions	27 Preparation of Progress Report
5		30 Preparation of Master Plan		28 Presentation of Progress Report
6			31 Preparation of Action Plan	
7 Forth Home Office Work		41 Continuous Support for Pilot Projects		32 Preparation of Draft Final Report
8			Assistance to Ensure Sustainable Management and Operation of Pilot Projects	34 Presentation of Draft Final Report
9 Sixth Field Mission		39 Support for Realization of Master Plan		36 Revision of Draft Final Report
10 Fifth Home Office Work			40 Preparation and Submission of Final Report	
11 Seventh Field Mission				
12				
2004	1			
	2 Sixth Home Office Work			

2. METHODOLOGY

2.1 Study Methodology

This Study focuses on rural growth through the development of the craft sector. Although rural development is one of Vietnam's vital national policy goals, the development of the craft sector as a tool for rural development is yet to be sufficiently or comprehensively addressed by the Vietnamese Government. This Study, in effect, is the Vietnamese Government's (specifically that of the MARD's) first comprehensive assessment of the developmental potentialities of the craft sector. Therefore, in the conduct of the Study, effective methodologies that supported new policy formulations, were utilized. These included the following:

- (a) **Establishment of the Study's Local Counterpart:** The Counterpart Team was organized, with Mr. Bach Quoc Khang, director of the Department of Agriculture and Forestry Product Processing and Salt Industry¹ (DAFPPSI) of the MARD, as chairman. The JICA Study Team conducted regular meetings with them. Both teams visited craft villages and conducted interview surveys and met representatives of concerned agencies nationwide.
- (b) **Expansion of the Steering Committee:** Many central government offices, other than the MARD, are involved in the craft sector. Membership of the Steering Committee was thus expanded to include representatives from the following offices:
 - Department of Agro-Forestry Products Processing and Salt Industries (DAFPPSI) of Ministry of Agricultural and Rural Development (MARD)
 - Ministry of Industry (MOI)
 - Ministry of Culture and Information (MOCI)
 - Ministry of Trade (MoTrade)
 - Government Office
 - Ministry of Planning and Investment (MPI)
 - Ministry of Labor, War Invalids and Social Affairs (MOLISA)
 - Ministry of Education and Training (MOET)
 - Ministry of Natural Resources and Environment (MONE)
 - MARD's department of International Cooperation, Planning, Policies, and Science and Technology
- (c) **Involvement of Various Stakeholders:** The objectives and contents of this Study are closely related and compatible with those of the Central Government and other stakeholders, i.e. local governments, educational and research institutions, private organizations, enterprises, nongovernment organizations (NGOs), donors, craft producers, etc. To involve all stakeholders in the Study, the following leveling-off activities were conducted:

¹ The DAFPPRI was renamed to DAFPPSI since July 2003.

- Seminars and Workshops: Seven seminars and workshops, which were participated in by various stakeholders, were conducted up to August 2003 on a broad range of issues and concerns (refer to Table 2.3.1).
 - Publication and Distribution of Newsletter: To update and inform stakeholders of the Study's progress as well as other issues and developments in the craft sector, the "Vietnam Craft News" newsletter is being regularly published and distributed.
 - Website Development: The "MARD Craft Website" (located at www.mard-craft.org.vn) was developed to post information and news on the Internet about Vietnamese craft items and craft villages and promote them both at home and abroad.
- (d) **Conduct of National Craft Mapping Survey:** The Study underscores the key role played by the provincial governments in providing beneficiaries with adequate support mechanisms. It also emphasizes that policies and measures on craft sector development should be reflected in the respective regional development plans. All the provinces were cooperative in outlining local assessments and in identifying issues through the National Craft Mapping Survey, thereby enhancing understanding of the Study by key stakeholders. This effective collaboration formed the basis for the dynamic follow-through activities, information dissemination etc.
- (e) **Organization in Model Provinces:** The Department of Industry (DOI) and the Department of Agriculture and Rural Development (DARD) were the core counterpart agencies in the implementation of the pilot projects in the four model provinces. These agencies actively participated in the pilot project workshop and followed up progress of the Study's pilot projects. Strengthening of the provincial governments' ownership of the pilot projects is anticipated through their hosting of respective model workshops and the ensuing proposals for model province master plans and action plans.
- (f) **Supplementary Survey Implementation:** The following supplementary surveys were conducted:
- Follow-up Mapping Survey (September through October 2003): Database on the communes and craft villages was distributed to provincial governments for updating. This was later collected. Copies of a questionnaire on the current condition of the craft sector, developmental objectives and sector management were likewise distributed to the provincial governments, and later collected, to determine current problems and reflect them in the Craft Development Master Plan.
 - Raw Materials and Distribution Survey (August through October 2003): This revealed the seriousness of raw material shortages and procurement issues and that constraints in the distribution system from craft villages to markets abound.

For a detailed study of these problems and concerns, field surveys on raw materials and distribution systems of bamboo, rattan, and woodcrafts in Ha Tay, Quang Nam and Lao Cai were conducted. The results of these surveys were utilized to determine current situations as well as problems and constraints. Practical solutions that ensure supply and improvement in the distribution system were proposed.

- Tourist Survey (August through September 2003): At Noi Bai Airport, in Hanoi, a tourist survey was conducted to ascertain tourists' purchases of craft items and tourist trips to craft villages. From the results of this survey, a segment of the tourist market will be identified and the tourism potential of the craft village and its craft items will be analyzed.

(g) **Conduct of Vietnam Artisan Craft Competition:** The Vietnam Artisan Craft Competition was conducted which consisted of product competition and design competition. It was open to both individuals and groups residing in Vietnam including craft producers, companies, ethnic groups, universities, vocational schools, cooperatives, associations, master artisans, and craftspeople. First judging was on 29 September 2003 and 100 items were qualified among 185 applicants. Final judging was on 9th January 2004 and 20 fine items were awarded. The competition was co-organized by the MOCI's Department of Fine Arts. Its primary aim is to enhance craft promotion activities nationwide.

2.2 National Craft Mapping Survey

1) Necessity and Objective of the Survey

Data and information on the craft sector is generally lacking in Vietnam. Available information is either unreliable or unorganized. Access to existing data is likewise difficult. Most of the stakeholders, like producers, traders, customers, government administrators, etc., work independently of each other oblivious to the role of the other segments.

The "1997 Rural Non-Farm Survey," conducted by the MARD, was the first paper to recognize the real significance of Vietnam's craft sector. The findings of that survey were added to another 1997 report titled, "Rural Industries and Services in Vietnam". The methodology of selecting its samples, which amounted to 8,267 households, was as follows: Eighteen (18) provinces were first selected taking into consideration their natural conditions. Three districts were chosen from each of the provinces, then three communes, with non-farm industries, were targeted per district.

After the survey, the MARD implemented a follow-up survey in 1998-1999. It listed addresses, specific craft items produced, and other basic information in collaboration with the DARD. This follow-up survey, however, received relatively fewer responses: only 44 provinces out of the total 61, amounting to a total of 610 craft villages, excluding those involved in the food processing industry. In 2001, both the MARD and

the DARD updated their 1998-1999 list. Again, they obtained lower responses, a similar 44 provinces but a lesser number of craft villages (only 469 villages). The latter study did not clarify the factors for the decrease and merely listed them. The assumption was that the survey methodology must have had shortcomings.

The preliminary MARD surveys are, thus, not reliable for use as basis for policy-making by the Study Team. The Study needed to carry out an organized and detailed investigation to cover the craft villages in all of the country's 61 provinces.

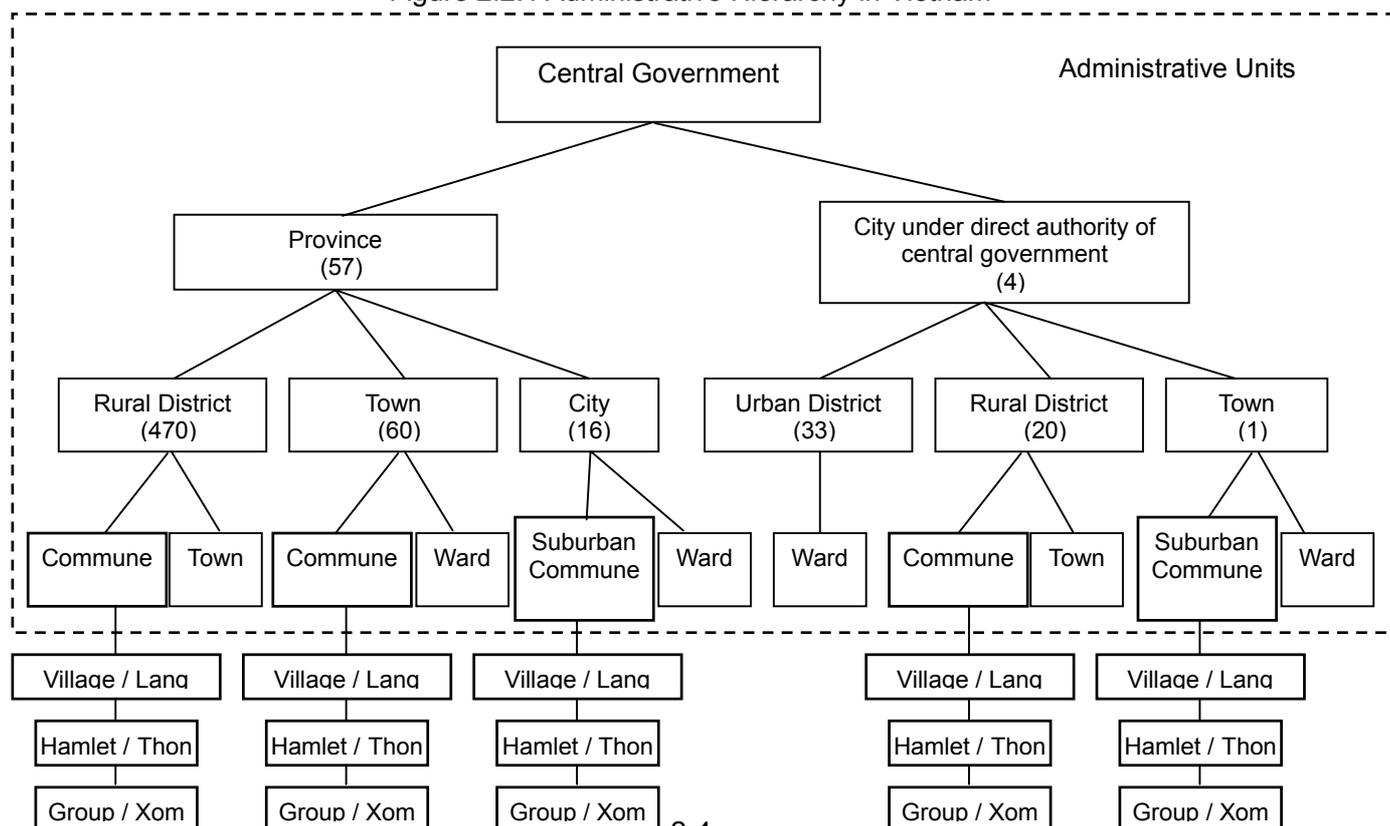
The Study Team therefore conducted a survey targeting all the communes in the entire country. It selected suitable craft villages based on the criteria set by the Study Team and the MARD. The objectives of the National Craft Mapping Survey were as follows:

- (a) To collect basic data on all the 9,400 communes in Vietnam, obtain information on problems / constraints the craft sector is currently facing and list craft villages.
- (b) To identify craft villages, which are deeply involved in craft promotion, collect detailed information on them and identify their problems / tasks.
- (c) To clarify current activities of craft enterprises and cooperatives at the commune level.

2) Coverage of the Survey

Local administrative units have three levels. The lowest is called "xa" (commune), and under it are the villages. These villages are called "lang" (village), "thon" (hamlet), or "xom" depending on size. The mapping survey was conducted in 9,400 communes excluding urban areas in all 61 provinces (i.e. 89.1% of all the communes).

Figure 2.2.1 Administrative Hierarchy in Vietnam



3) Contents of the Survey

The mapping survey, implemented under the MARD's supervision, was basically a questionnaire survey and lasted about four months, from March to June 2002. The questionnaire used for the Study consisted of three forms to be filled out.

Table 2.2.1 Structure of Mapping Survey Questionnaire

Questionnaire	Objective	Main Output
Form 1	To determine profile of each commune and identify target craft villages ¹⁾	Basic data on approximately 9,400 communes in the entire country; list of target craft villages
Form 2	To collect detailed information on target craft villages	Identification of craft villages deeply involved and quite active in craft promotion; detailed information on targeted craft villages; identification of problems / constraints villages currently face
Form 3	To collect related information on communes to which target craft villages belong	Current activities of craft-related enterprises and cooperatives at commune level

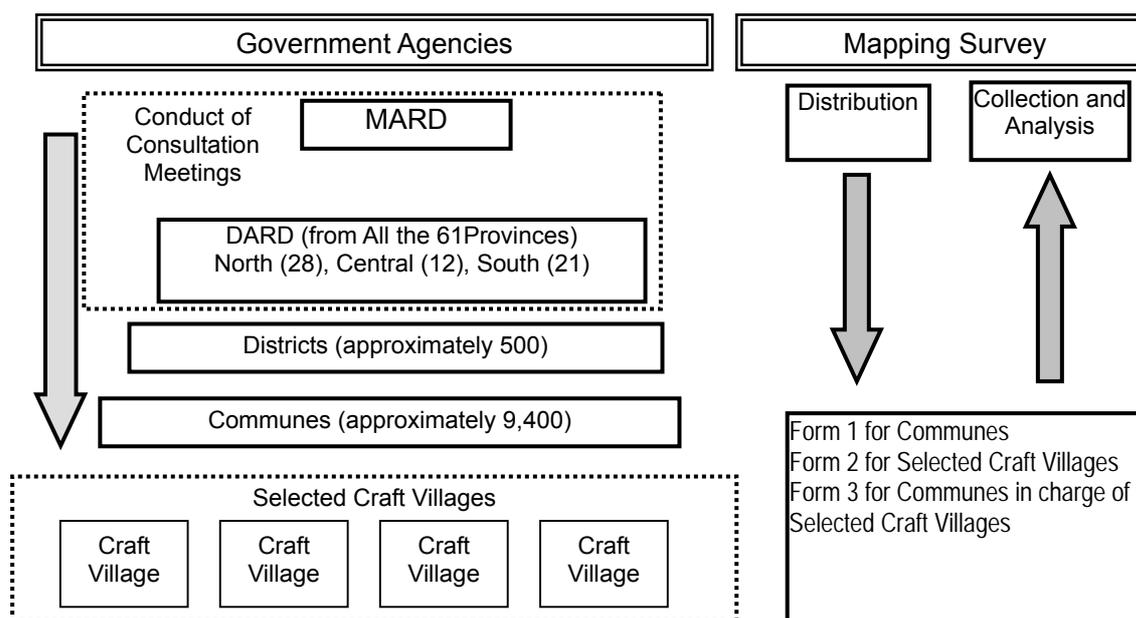
Source: JICA Study Team

1) The criteria for being selected as target craft villages of the Study are as follows: either (1) more than 20% of households are engaged in craft making, or (2) the commune in charge recognizes it as important for the village, since the survey intended to paint a whole picture of the sector. The MARD originally used the criteria of having either (1) more than 50% of households engaged in the sector, or (2) 50% of income is accounted for by the sector.

4) Survey Methodology

- (a) **Preparation of Questionnaire Forms and Establishment of Operating Systems:** The Study Team, in collaboration with the MARD, prepared the draft questionnaire forms and solicited the DARD for their comments. The Study was implemented utilizing the MARD's administrative network in the communes in all the provinces.
- (b) **Conduct of Consultation Meetings:** At the commencement of the mapping survey, the Study Team conducted consultation meetings for all the 61 provinces in Hanoi (March 15, 2002), Da Nang (March 22, 2002) and HCMC (April 3, 2002) to explain the contents of the survey, exchange opinions on the survey questions, finalize the questionnaire forms based on these opinions, agree on the method to implement the survey, and define roles of each government agency at various administrative levels.
- (c) **Implementation of the Survey:** The mapping survey was carried out from March to June 2002. The local implementation team consisted of counterparts from the MARD and the local consultants. Those tasked with conducting interviews were MARD district officers, who were also required to check answers from the district and provincial levels, then submit them to the MARD.

Figure 2.2.2 Methodology of the National Craft Mapping Survey



5) Data Processing and Analysis

All the 61 provinces responded to the questionnaires. Data processing and analysis started with the commencement of the 3rd Field Mission. The processed data identified 2,017 craft villages in the entire country (see Table 2.2.2), compared with the 610 in the first MARD survey.

Survey outputs were distributed to provincial representatives in the workshops for selection of candidate model provinces held on September 30, 2002, in HCMC and October 2, 2002, in Hanoi.

Special attention was paid to the following aspects in data processing and analysis:

- Processing the data into profile sheets (database) for each province, commune and craft village.
- Determining the distribution of craft villages among the 11 target craft items and their current features by province.
- Classifying provinces for the selection of candidate model provinces.

Profile sheets on all stakeholders, e.g. government authorities, enterprises, donors, NGOs, and customers (markets), are currently being prepared to eventually allow easy industry information access.

Survey outputs served as the basic data / information for the Study which were used to set the criteria in selecting model provinces, following the identification of key issues to be dealt with in the pilot projects. Analysis of the survey results were utilized to clarify

current situations as well as outline growth constraints of the craft sector, which will translate into development strategies and policy frameworks that will be reflected in the Master Plan.

Other than figuring out the overall picture of the craft sector in Vietnam, such as the distribution and characteristics of the craft villages and their products, other comments about the reliability of data were made, to wit:

- (a) Even if the characteristics of ethnic minorities in neighboring provinces were similar, some data differences were found in the northern mountainous areas where ethnic minorities live (e.g. 191 craft villages were identified in Son La province but only 22 in Lai Chau province). Besides, the number of craft villages in the three provinces in the central highlands where ethnic minorities live was zero. Reasons may be that: (1) administrative agencies faced difficulties in grasping the precise figures of ethnic minority villages due to their constant migration, and (2) there were no clear criteria for crafts so that items used in their day-to-day existence were not recognized as crafts.
- (b) Some provincial governments where craft making has been promoted have their own data and criteria, which are higher than those set by the MARD-JICA Study. These provinces followed their own criteria resulting in differences between the number of craft villages identified by the mapping survey and the existing data on the provinces.
- (c) Out of 11 enumerated craft items, 509 villages (or 17.1% of total) answered that they were engaged in “others”, i.e. producing crafts other than the Study’s 11 target craft items. This Study has not analyzed these other craft items in detail, but more than half of the villages in the Red River delta were engaged in them. This simply means that Vietnam has more than 11 craft items.

The MARD plans to manage the data and to utilize these data as a database by provincial governments, these database (commune and village datasheets) were distributed to all provincial governments. To build craft mapping database appropriately, it is necessary to establish craft information management system in collaboration of relevant Ministries, provincial authorities, and communes and to update and expand database constantly. Furthermore, this database should be utilized by not only governmental agencies but also private sectors, donors and NGOs both home and abroad.

Table 2.2.2 Craft Villages Identified in the Craft Mapping Survey by Province

Region	Province	Preliminary Survey ¹⁾	Mapping Survey ²⁾	Region	Province	Preliminary Survey ¹⁾	Mapping Survey ²⁾
Red River Delta	1 Hanoi	19	40	South Central Coast	32 Da Nang	5	3
	2 Hai Phong	18	24		33 Quang Nam	8	30
	3 Vinh Phuc	10	22		34 Quang Ngai	5	11
	4 Ha Tay	58	409		35 Binh Dinh	16	27
	5 Bac Ninh	29	26		36 Phu Yen	0	9
	6 Hai Duong	18	54		37 Khanh Hoa	10	7
	7 Hung Yen	19	28		Subtotal	44	87
	8 Ha Nam	19	13	Central High-lands	38 Kon Tum	0	0
	9 Nam Dinh	33	77		39 Gia Lai	0	0
	10 Thai Binh	63	133		40 Dak Lak	0	0
	11 Ninh Binh	33	88	Subtotal	0	0	
Subtotal	280	866	North-eastern South	42 Lam Dong	0	2	
North-east	12 Ha Giang	2		3	41 Ho Chi Minh City	4	39
	13 Cao Bang	3		20	43 Ninh Thuan	4	5
	14 Lao Cai	4		19	44 Binh Phuoc	0	1
	15 Bac Kan	0		11	45 Tay Ninh	3	19
	16 Lang Son	0		2	46 Binh Duong	9	15
	17 Tuyen Quang	2		7	47 Dong Nai	7	16
	18 Yen Bai	0		2	48 Binh Thuan	11	4
	19 Thai Nguyen	0		18	49 Baria-Vung Tau	0	0
	20 Phu Tho	0		3	Subtotal	38	101
	21 Bac Giang	6		21	Mekong Delta	50 Long An	5
	22 Quang Ninh	0	10	51 Dong Thap		4	23
Subtotal	56	164	52 An Giang	27		21	
North-west	23 Lai Chau	3	22	53 Tien Giang		11	24
	24 Son La	4	191	54 Vinh Long		5	40
	25 Hoa Binh	1	34	55 Ben Tre		12	18
Subtotal	8	247	56 Kien Giang			6	
North Central Coast	26 Thanh Hoa	64	201	57 Can Tho		0	32
	27 Nghe An	0	67	58 Tra Vinh		0	7
	28 Ha Tinh	14	49	59 Soc Trang		4	4
	29 Quang Binh	0	15	60 Bac Lieu		11	24
	30 Quang Tre	4	5	61 Ca Mau	2	7	
	31 Thua Thien-Hue	16	4	Subtotal	86	211	
Subtotal	98	341	Total craft villages in 61 provinces	610	2,017		

Source: 1) Craft Village Follow-up Survey in 1998-1999 implemented by MARD-DARD
2) Craft Mapping Survey, 2002

2.3 Selection of Candidate Model Provinces

2.3.1 Overall Approach to Model Province and Pilot Project Selection

In this Study, in order to ensure the implementation of the Craft Development Master Plan, model provinces were selected based on the testing of the following tasks: (1) firming up of the formulated policy to be initially agreed upon at the provincial level, and (2) specific on-site (in craft villages) issues and programs, the effects of which were measured. In addition, eight pilot projects were implemented but not all in the model provinces.

2.3.2 Selection Method and Criteria

1) Selection Method and Criteria

Based on the results of the mapping survey, all 61 provinces were classified using the criteria below, after which representative provinces were selected. The criteria adopted were quantified (see Table 2.3.1 and 2.3.2).

Table 2.3.1 Selection Method and Criteria

Criteria	Craft promotion potential	Combination of the following 5 indicators: number of craft villages in each province; number of total craft products; number of craftspeople; level of cognition on significance of industrial promotion through craft (opinions of commune leaders); and infrastructure level (electricity, communications and transportation).
	Poverty level	Combination of the following 3 indicators: average monthly household income; rate of poor households and level of cognition on importance of craft making from the viewpoint of poverty reduction.
	Regional distribution	Classification of northern, central, southern and mountainous areas of the country to facilitate selection of model provinces.
	Importance of preservation of craft tradition	Level of cognition on importance of preservation of craft tradition (opinions of commune leaders).
Selection Method	Step 1: Quantification of "craft promotion potential"	Figures A=20, B=10 and C=5 were used to calculate indicators 1 to 5, and the scores were classified into three levels: higher than 40 points was classified as A; from 30 to 40 points, B; and under 30 points, C.
	Step 2: Quantification of "poverty level"	For indicator 6, the following three conditions were selected: household income, poverty level, and significance of poverty issues. When two or more were selected, it got a score of A; when one was selected, it got a B; when none was selected, it got a C.
	Step 3: Classification using above two criteria	Results of Step 1 and Step 2 were classified into 9 categories from A-A to C-C.

Source: JICA Study Team

Table 2.3.2 Indicators' Quantification Method

Indicator			Category			
			A	B	C	
Craft promotion potential	Number of craft villages		More than 100	30-99	Less than 30	
	Number of craft items		More than 1,000	500-999	Less than 500	
	Number of craftsmen (% of craftsmen in prov'l population)		More than 50,000 (more than 5%)	Less than 50,000 (less than 5%)	Less than 50,000 (less than 5%)	
	Level of cognition on importance of industrial promotion ¹⁾		Both domestic sales and export are more than 3.5	Either domestic sales or export is less than 3.5	Both domestic sales and export are less than 3.5	
	Development of infra-structures	1) Electricity adoption rate per household		More than 90%	60-90%	Less than 60%
		2) Communications adoption rate per household		More than 50%	20-50%	Less than 20%
		3) Access to central area	District center	Less than 10km, less than 20 min	Less than 10km or less than 20 min	More than 10km, more than 20 min
Provincial capital	Less than 30km and less than 60 min		Less than 30km or less than 60 min	More than 30km and more than 60 min		
Poverty level	1) Average household income		Applicable to two of three categories	Applicable to one of three categories	Not applicable to any category	
	2) Rate of poor households					
	3) Level of cognition on importance of poverty alleviation ¹⁾					
Level of cognition on importance of preservation of craft tradition ¹⁾			More than 3.4	2.3 – 3.3	Less than 2.3	

Source: JICA Study Team

1) The scores of "industrial promotion", "poverty issues", "preservation of tradition" were calculated as 5.0 (very important), 3.0 (important), and 1.0 (not important), and the averages were calculated by province.

Using the above method, all 61 provinces were classified into 9 types (see Table 2.3.3). Provinces classified as A-A had higher attention to poverty reduction and higher craft promotion potential. Thus, the impact of craft promotion on poverty alleviation was expected to be significant.

Table 2.3.3 Classification of Vietnam's Provinces¹⁾

			Poverty Attention		
			A (High)	B (Moderate)	C (Least)
Craft Promotion Potential	A (High)	North	Nam Dinh*, Bac Kan*, Bac Ninh**, Bac Giang**, Thanh Hoa**	Ha Tay**, Thai Nguyen, Phu Tho, Son La**, Hoa Binh*, Nghe An**	Hanoi**, Hai Duong*, Hung Yen**, Thai Binh**, Ninh Binh**, Vinh Phuc**
		Central		Quang Binh	
		South		Can Tho**	HCMC, Tay Ninh
	B (Moderate)	North	Ha Nam, Yen Bai**	Cao Bang*, Ha Tinh*	Haiphong*, Quang Ninh*
		Central	Quang Tri*, Quang Nam**	Thua Thien-Hue, Binh Dinh*, Khanh Hoa**, Dak Lak*	Da Nang
		South	Soc Trang**, Bac Lieu**	Ninh Thuan, Binh Duong*, Dong Nai, Long An*, An Giang, Tien Giang**, Vinh Long, Ben Tre*, Tra Binh	
	C (Least)	North	Lao Cai	Lam Son*, Ha Giang, Lai Chau*	Tuyen Quang*
		Central	Phu Yen**	Quang Ngai, Kon Tum, Gia Lai**	
		South		Lam Dong, Dong Thap, Kien Giang**, Ca Mau**	Binh Phuoc*, Binh Thuan, Ba Ria-Vung Tau

Source: JICA Study Team

1) Awareness of the importance of preserving tradition is denoted by **:A, *:B, none: C.

2) Selection of Candidate Model Provinces

Candidate model provinces were selected based on the classification of the 61 provinces and by considering the following points:

- (a) Selected candidate model provinces for each of the different categories (i.e. from A-A to C-C) should be representative of the other provinces in their respective categories.
- (b) They covered three areas: northern, central and the southern parts of Vietnam.
- (c) Their provincial governments emphasized the preservation of traditional values, the promotion of industries and the reduction of poverty.
- (d) Their provincial governments were willing to participate in the Study and form a counterpart system for the field investigations and other study activities.
- (e) MARD supported these model provinces.
- (f) A consensus on the candidate model provinces among all 61 provinces (represented by the DOI or the DARD) should be reached during workshops on the selection of model provinces.

The following were then selected as candidate model provinces and were presented at the workshop on candidate province selection for further examination and discussion.

North (5 provinces)	Bac Ninh	(A-A group)
	Ha Tay	(A-B group)
	Thai Binh	(A-C group)
	Ha Tinh	(A-B group)
	Lai Chau	(C-B group) mountainous area
Central (2 provinces)	Quang Nam	(B-A group)
	Binh Dinh	(B-B group)
South (2 provinces)	Can Tho	(B-B group)
	An Giang	(B-B group)

3) Workshop on Candidate Model Provinces Selection

In order to obtain agreements on the pilot projects and model provinces from the provincial governments, the workshops on model provinces selection were held on 30 September 2003 in HCMC and on 2 October 2003 in Hanoi, wherein a total of 50 provinces participated.¹ At the workshop, the Study Team reported on the following: progress of the Study, results of the craft mapping survey, pilot project proposals, and the criteria and procedures for selecting candidate model provinces.

¹ Ten (10) provinces were absent – from the north: Ha Tinh; from the south: Da Nang, Quang Ngai, Kon Tum, Gia Lai, Dak Lak, Lam Dong, Binh Phuoc, Dong Nai, Ba Ria-Vung Tau, and Tra Vinh.

The highlights of the discussion among the workshop participants were as follows:

- (a) Agreement on criteria for selecting model provinces: Participants unanimously agreed on the criteria set for selecting candidate model provinces.
- (b) Consideration of regional balance, as well as poor and mountainous areas. Establishing a system that would enable the transfer of experience from the northern to the southern and central regions, which have fewer craft villages. Consideration for regions with lower craft development potentials was requested.
- (c) Change or addition in model province candidates: Participants requested the replacement of Ha Tinh province with Nghe An province and the inclusion of Ninh Binh province.
- (d) Support for and request on pilot project proposals: All the proposed projects were supported. Necessity and importance of information access and training were raised.
- (e) Participation in pilot project implementation process: Providing opportunities to the rest of the provinces to participate in study workshops and seminars was strongly requested.
- (f) Proposals for pilot project implementation method: Organizing an executive committee at the provincial level to initiate craft promotion and development, and coordinating with existing relevant projects were proposed.

Based on the workshop agreements, the following were requested by the MARD and were approved by the Central Government at the 3rd Steering Committee Meeting on 8 November 2002:

- (a) Requested changes in selected model province candidates: Changing Ha Tinh province (north) to Nghe An province (north), including Ninh Binh province, and changing Can Tho province (south) to Dong Nai province (south).
- (b) Consideration of the mountainous region: Including a candidate model province from this region in the final selection of the model provinces was, in turn, requested on the following reasons:

The mountainous areas are faced with grinding poverty, among other hardships, and the improvement of their welfare was raised in the workshop as one of the priority tasks of the Government's national plan.²

² 2001-2010 Socio-economic Development Strategy

The mountainous areas have particular geographical and social character. For example, a number of ethnic minorities live in the northern mountainous areas and traditionally make a living through craft making.

In view of the above, a total of 10 provinces (five in the northern, two each in the central and southern, and one in the mountainous regions) were selected as candidate model provinces (see Table 2.3.4).

Table 2.3.4 Selected Model Province Candidates

		Attention to Poverty		
		A (High)	B (Moderate)	C (Least)
Craft Promotion Potential	A (High)	Bac Ninh (North)	Ha Tay (North) Nghe An (North)	Thai Binh (North) Nihn Binh (North)
	B (Moderate)	Quang Nam (Central)	Binh Dinh (Central) An Giang (South) Dong Nai (South)	
	C (Least)		Lai Chau (Mountain area, North)	

Source: JICA Study Team

- (c) Selection of model provinces by candidate model provinces: Since all the candidate model provinces were strongly interested in implementing the pilot projects, they requested that they be allowed to select the model province for the pilot projects among themselves.
- (d) Expansion of Steering Committee membership: Since the involvement of other relevant government agencies are vital to the implementation of the pilot projects, inviting other agencies (MOCI, MOI, MOT, Ministry of Energy, MOLISA, MONRE, Office of the Prime Minister, etc.) to join the Committee composed of the MARD and the Ministry of Planning and Investment (MPI) was raised.
- (e) Continued participation of all 61 provinces in the Study: Providing opportunities for non-model provinces to continue participating in study activities, such as seminars, workshops, etc., was requested.

4) Selection of Model Provinces

The Study Team and the local consultants conducted field surveys and interviewed provincial governments and Vietnamese craft specialists regarding the 10 nominated provinces, wherein the characteristics of each nominated province were determined and their merits as candidates were reviewed (see Table 2.3.5).

Table 2.3.5 Characteristics and Merits of Candidate Model Provinces

Nominated Province	Characteristic	Validity Assessment
Ha Tay (North)	<ul style="list-style-type: none"> The number of craft villages and craftsmen is the highest in the country at 409 and 337,000, respectively. There are many enterprises, cooperatives and production groups related to craft. The province provides various services to craft villages. There are many master artisans and excellent craftsmen. Most train successors, researchers, and others in the province's polytechnic university. There are many crafts such as lacquer ware, woodworks, bamboo and rattan products, stone carvings, silk goods, etc. Many of them are exported. It is close to Hanoi, with convenient transportation. Although the provincial government is highly aware of the importance of the craft industry, concrete investment programs and plans have not been prepared. There is a shortage of policy support to craft villages. 	<ul style="list-style-type: none"> Craft villages' and workers' aggrupation is the highest in the north where 80% of the craft villages are located. The possibility for further development is high. It was deemed a suitable model for "PP2: Craft Cluster Development" in the north, where it is still underdeveloped¹⁾ compared with provinces in the south. It was one of two areas for an earlier study¹⁾. An action plan can be prepared making use of this study. It was considered for "PP6: Environmental Improvement of a Craft Village".
Thai Binh (North)	<ul style="list-style-type: none"> The number of craft villages is the third biggest in the country at 133. The number of craftsmen is the second biggest at 130,000. Craft production output is 70% of the province's output. A new craft village and several traditional craft villages are flourishing due to existence of craft enterprises. Environmental problems are serious, and the concern of the provincial government is high, too. 	<ul style="list-style-type: none"> Quality control at raw materials selection will guarantee a stable quality of textile. Thai Binh is a major raw silk producer in the north. Added value can be expected by introducing product inspection systems. It was deemed a suitable model for the implementation of quality control improvement measures referred to in "PP2: Craft Cluster Development" together with Ha Tay.
Bac Ninh (North)	<ul style="list-style-type: none"> There are several famous traditional crafts but they are fading. Environmental pollution caused by craft production is serious. 	<ul style="list-style-type: none"> It has many famous traditional craft villages, although the number of craft villages is not that many. The provincial government attempts to promote craft making from both viewpoints of industrial promotion and preservation of tradition. It was deemed a suitable model for "PP5: Development of Internationally Competitive Craft Products" with support from craftsmen in traditional craft villages. It was one of two area for an earlier study.¹⁾ An action plan which makes use of this study would be possibly proposed. It was initially deemed appropriate as target area for "PP6: Environmental Improvement of Craft Villages".
Ninh Binh (North)	<ul style="list-style-type: none"> Half of the province's population is involved in craft making such as embroidery, rush, stone carving, and bamboo and rattan crafts. Rush mats and embroidery are exported particularly to Europe. It is located 90km south of Hanoi with good road conditions. The province has many tourist spots, and a craft village tourist tour is being carried out. It has a provincial master plan on craft village development to increase the number of craft villages. Competitive craft products are limited to bulrush and embroidery. 	<ul style="list-style-type: none"> Factors, such as existence of many craftsmen and a craft development master plan, among others, indicate that the province has a high potential for promotion. And, willingness to take part in the pilot project is very high. By implementing "PP8: Craft Village Development Strategy", craft promotion within an agricultural framework could be pursued in a provincial craft development plan. At the same time, participatory craft promotion would be possible.

Cont'n of Table 2.3.5

Nominated Province	Characteristic	Validity Assessment
Nghe An (North)	<ul style="list-style-type: none"> • Quality of textile and technology of the ethnic minorities is high and famous nationwide. • The provincial people's committee has a high level of interest in craft promotion: VND10 billion was invested to establish a craft training school. • The willingness to promote craft is very high as seen in the preparation of the "2001-2010 Craft Village Development Plan". • There are few excellent craftspeople. 	<ul style="list-style-type: none"> • In "PP3: Preservation of Traditional Value of Artisan Craft", activities to make use of a traditional textile is possible.
Quang Nam (Central)	<ul style="list-style-type: none"> • The number of craft villages (30) is the largest among the central provinces. Woodworks and bamboo and rattan products are concentrated here. • There are many craft enterprises that are highly interested in craft development. • Provincial government is highly interested in craft development. • Provincial government has mulberry production and a development plan. • Recovering competitiveness in woodwork and developing bamboo and rattan products, which have a short production history, are the issues. 	<ul style="list-style-type: none"> • Craft situation in the central provinces is behind, compared to the concentration of craft villages in the north and the industrialization in the south. • By implementing "PP2: Craft Cluster Development" in this province, where a higher agglomeration of craft villages is seen, it is possible that the competitiveness of central Vietnam will be raised.
Binh Dinh (Central)	<ul style="list-style-type: none"> • The number of craft villages and craftspeople is the second largest among the central provinces at 27 and 18,000, respectively. • Rush, bamboo and rattan, ceramics, wood and metal products, etc. are the craft items produced. • There are many cooperatives and small to medium-size craft-related companies that conduct production control, management, training of craftspeople, development of designs, etc. • Champa culture by the Cham, an ethnic minority group, is flourishing. • Interest level of the provincial government in craft development is high. It provides land, funds, training support, market access, etc. • Few craftspeople are highly skilled. • Overseas market is limited. 	<ul style="list-style-type: none"> • Although there is a concentration of craft villages, the domestic competitiveness is weak and needs strengthening. Industrial development is also needed. • As in Quang Nam, implementation of "PP2: Craft Cluster Development" is possible in Binh Dinh due to the concentration of craft villages and enterprises.
Dong Nai (South)	<ul style="list-style-type: none"> • Craft industry grew about 20% annually from 1996 to 2000. It contributes to the worker's job security. • Production of ceramics, wood, bamboo and rattan products are popular. • There is a provincial craft university. Training support on the technological improvement of ceramics is particularly available. • Being adjacent to Ho Chi Minh City, transportation and communication infrastructures are good. • Although the provincial government's interest in craft industry is high, concrete financial support is hardly carried out. 	<ul style="list-style-type: none"> • Production volume of bamboo and rattan products is high, and raw materials are available. Environmental problems like deforestation are serious. Projects run by international NGOs are ongoing. • By implementing "PP6: Environmental Improvement of Craft Villages", the province will be able to tackle problems on raw materials and environment.

Cont'n of Table 2.3.5

Nominated Province	Characteristic	Validity Assessment
An Giang (South)	<ul style="list-style-type: none"> • Located on the Cambodian border, its ethnic minorities, such as the Cham and the Khmer, engage in textile and ceramics. There are popular tourist spots such as Chau Doc. • Bamboo and rattan products both for own consumption and the domestic market are produced. • An international NGO carried out a management support project for ethnic minority women, but management skills and the market are not yet established. • The provincial government is highly receptive to craft development support. 	<ul style="list-style-type: none"> • Although located close to markets and tourist spots, due to the lack of access and business skills, craft promotion and poverty alleviation are not coordinated yet. • Implementation of "PP7: Strengthening of Management Capacity of Ethnic Minority Craft Villages" will enable them to promote their traditional crafts.
Lai Chau (Mountainous Areas)	<ul style="list-style-type: none"> • 21 minority groups reside here with a total population of about 580,000. Many are engaged in craft making to produce daily necessities. • A craft training school is established. • A community learning center ²⁾ was built by the JICA-Japan UNESCO, and a local steering committee is looking for ways to use the facilities. 	<ul style="list-style-type: none"> • Although there are many difficulties such as transportation and peculiarity of ethnic groups, there is an established infrastructure like the community learning center in the province. Its success has led to ownership by locals. • Implementation of "PP7: Strengthening of Management Capacity of Ethnic Minority Craft Villages" using the community learning center will be possible.
	<ul style="list-style-type: none"> • There are few skilled craftspersons. 	
	<ul style="list-style-type: none"> • Most of area is mountainous and have limited transportation access. • Access to market is limited and weak in sales and competitiveness. • Some area loses transportation accessibility during rainy season. 	

Source: JICA Study Team

1) "Existing Conditions of Production & Environment in a Number of Craft Villages in the Provinces of Ha Tay, Hung Yen and Bac Ninh"

2) JICA development partnership project with the Ministry of Education as counterpart. In two districts of Lai Chau, adult literacy programs were conducted besides the following: 1) construction of community learning centers or "Terakoya" (in Japanese) in 40 sites; 2) human resource development (training for teachers and the community learning center's operations committee members representing villages); and 3) study materials preparation. The project period was from April 2000 to March 2003.

After discussions among provincial governments (local counterparts), task forces (pilot project implementors), and craft villages (beneficiaries), four provinces were selected as model provinces. These were: Ha Tay, Quang Nam, An Giang, and Lai Chau representing the northern, central, southern, and mountainous areas, respectively.

2.4 Implementation of Pilot Projects

2.4.1 Objectives of Pilot Projects

Pilot projects were conducted to determine whether the development and improvement measures that are to be proposed in the Craft Development Master Plan were doable. Findings of the pilot projects would also serve as basis for formulating appropriate measures and build iterative models applicable to other regions and other fields.

2.4.2 Identifying Major Issues

Major issues were identified from the results of the mapping survey, on-site field survey, focus group discussion (held in September 2002) and so forth, which will help in identifying the directions on how to address the sector's issues (see Table 2.4.1 and Chapter 6 for a detailed description of each issue).

Table 2.4.1 Main Issues of Craft Sector

Issue	Description
Securing of Raw Materials	Traditional production is becoming difficult due to dwindling supply of raw materials. Worsening quality of craft products due to the use of cheaper, lower-quality raw materials plagues the sector. Exploitative consumption of raw materials causes environmental degradation.
Technology Improvement	As industrialization progresses and market changes, machines are used in some stages of certain craft production processes thereby reducing burden on labor and increasing product quality. However, this also discourages the practice of traditional techniques, which are handed down from generation to generation and are now vanishing. Measures for technical improvement should be promoted considering that manual processes create jobs, and the "handmade" process leads to differentiation and competitiveness. Balance between the two needs to be sought.
Product Quality Enhancement	The quality of craft products relies on the quality of raw materials, production techniques as well as management and improvement efforts. Due to insufficient skills and facilities, as well as the lack of quality standards and regulating agencies conducting inspections, quality suffers. Quality enhancement and standardization are thus needed.
Production Process Upgrading	Most craft enterprises produce products based on orders and according to buyers' specifications and appointed date of delivery. Insufficient skills of workers and subcontractors, correction of defects and remakes, and time loss due to unorganized storage of raw materials cause long delivery time. In order to improve the production process, improvement measures should not be limited to enterprises alone but should cover local production areas and local governments.
Design Improvement	Utilizing traditional techniques and skills are becoming more important, such as in developing traditional items and combining different materials using existing skills, and so forth. The principle of craft design promotion is the creation of new designs using traditional materials and skills. Promoting a common understanding of design and developing a system that supports the promotion of designs are sought.
Craft Information	Due to a lack of understanding of market needs, producers in craft villages continue to make the same products or modify them to comply with outsiders' (e.g. distributors) requests. Craft villages have little access to market information, there being no facility or system where data and information on craft villages are available and which concerned parties can access. To promote crafts, enterprises and craft villages, centralization of information and establishment of database to support formulation of concrete actions are needed.
Cluster Development	Craft clusters are agglomerations of craft producers and businesses that have common buyers, material suppliers or service providers and are commonly located within a geographic region. Their existence has given certain provinces with a remarkable advantage over others. But due to the limited awareness of provincial governments and other organizations about the role of craft clusters, they have not provided the clusters with enough incentives and support. Craft clusters need to be organized and provided with a comprehensive strategy to achieve synergy and increase their contribution in improving their respective local economies.

Cont'n of Table 2.4.1

Issue	Description
Human Resource Development	Although many craft villages have abundant labor force, the lack of technical capabilities has not enhanced their competitiveness. Human resources development programs supported by governments are on such fields as production or management; those on developing human resources needed to develop the craft sector are missing. In order to address issues on lack of skills and market information at the craft village level, developing human resources in the aspect of product development is needed.
Business Management Improvement	Business managers manage everything from product development, marketing, and quality management to financial management. There is no organizational hierarchy with delineated functions within craft enterprises. Hence, the structure of enterprises is significantly weak, as business operation stops in the absence of the business manager. Management reform to improve and educate business managers is thus sought.
Work Environment Upgrading	Although there is effort to manage environmental pollution caused by bigger enterprises, no attention is given to small craft enterprises. Thus, there is neither a study of health hazards from craft production nor information about them. Raising the awareness of the working environment among producers and establishing environmental quality reform system by governments are sought.
Access to Financing	Although financing for enterprises in rural areas and for the poor exists, this is not available to micro enterprises, producers and exporters of crafts, thereby limiting their financial resources. Establishing appropriate financing schemes for craft producers and exporters is needed.
Improvement of Physical Distribution	Many middlemen stand between the craft villages and the urban markets in the product distribution chain. Due to the absence of market information in craft villages, appropriate price setting and quality improvement cannot be made resulting in lower competitiveness. Establishment of a fair distribution system where the distributors act as business development service (BDS) providers is necessary.
Marketing Improvement	Not only techniques and quality will be required to produce items that will sell in the market. A comprehensive approach covering promotions, distribution, pricing, environmental measures, etc. is also needed. There is no product development know-how in Vietnam; thus, in order to produce market-oriented products, improvement of techniques and human resources is sought for craft villages.
Linkage with Tourism	In tourist spots and near urban areas, the development of craft villages targeting tourists is progressing. Often, direct sales to tourists are the only source of cash revenue for ethnic minorities. Although government interest on tourism development through craft promotion is high, the pros (e.g. sales) and cons (e.g. changes in tradition) of tourism should be weighed carefully and discussed with the people in affected areas.
Impact on Natural Environment	Originally, craft items were produced using raw materials readily available in immediate environs. However, due to the exhaustion of wood, soil and other raw materials, environmental pollution from wastewater and air pollutants and increased craft production, the impact on the natural environment also builds up. For sustainable development, environmentally friendly measures should be developed and discussed with raw materials distributors, craft enterprises and craft villages to guide them.
Assistance to Ethnic Minorities	Ethnic minorities produce crafts mainly for self-consumption. Their crafts are considered Vietnam's cultural properties and have inherent traditional value. In promoting their crafts, the Government along with NGOs should have a good understanding of the diversity of ethnic minorities and the respective issues they face.
Traditional Value Preservation	Traditional crafts are deeply rooted in Vietnam's culture. While the Government's and the people's interest lean more towards economic development, there is a need to increase their appreciation of crafts and to preserve their traditional value. By doing so, the problems of limited market and low market value of crafts will be solved.

Source: JICA Study Team

2.4.3 Implementation of Pilot Projects

Vietnam's awareness of craft sector issues, institutional and organizational structure, capacity to implement the pilot projects, among others, were reviewed. After further discussions with the MARD, pilot project proposals were prepared.

The proposals were approved by relevant agencies that participated in the 3rd Steering Committee Meeting held in November 2002. Thereafter, nine pilot projects commenced an 11-month implementation period starting from November 2002 to September 2003, with local task forces (consisting of representatives of the Vietnamese government and local consultants) playing a central role¹ (see Table 2.4.2).

During the implementation period, the first and second pilot project workshops were held in February 2003 and in July 2003, respectively. Each task force manager reported on project status, issues and suggestions. Opinions were exchanged among relevant agencies and government officials of model provinces. In September 2003, the third and last workshop was held wherein each task force manager reported findings and lessons learned from the pilot projects.

Table 2.4.2 Outline of Pilot Projects

Project Name	Objectives	Agency	Project Sites & Crafts
(1) Craft information system	<ul style="list-style-type: none"> • Make craft information (e.g. results of surveys, craft items, craft villages, craftspeople, BDS providers, markets, etc.) available • Provide necessary equipment and training for model provinces • Build craft information system <p>(a) Create craft website (b) Develop craft information management system</p>	MARD	<ul style="list-style-type: none"> • All 61 provinces (necessary equipment and training were provided to 4 model provinces only) • All 11 craft items
(2) Craft cluster development	<ul style="list-style-type: none"> • Formulate cluster development strategy for craft promotion (develop business skills, train BDS providers) • Provide training on business management, manufacturing process, work environment for cooperatives and private craft production groups • Improve quality of craft products and establish inspection system for silk products <p>(a) Devise development strategy (b) Prepare training manuals (c) Propose assistance schemes</p>	Ha Tay; DOI, Quang Nam; DARD, Thai Binh; DOI, Vocational schools in each province, VCA, VARISME	<ul style="list-style-type: none"> • 2 items: bamboo & rattan and wood in Ha Tay and Quang Nam • Silk inspection system, includes silk products from Thai Binh
(3) Preservation of traditional value of crafts	<ul style="list-style-type: none"> • Identify and define traditional crafts • Establish collection, recording and documentation method on historical background of craft villages, craft making related information (traditional crafts, master artisans, etc.) <p>(a) Write model research report (b) Establish research method</p>	MOCI, Vietnam Museum of Ethnology, local governments, people's committees	<ul style="list-style-type: none"> • Dai Bai village and Bac Ninh (bronze), Na Sang II village, (Lao minority group's weaving)

¹ The ninth PP of "Vietnamese Artisan Craft Competition" was conducted from August 2003 to January 2004.

Cont'n of Table 2.4.2

Project Name	Objectives	Agency	Project Site & Craft
(4) Establishment of design promotion system for artisan craft development	<ul style="list-style-type: none"> • Clarify concept of "design" • Identify institutions and delineate their respective roles in design promotion • Propose and implement model strategy for design projects <p>(a) Make guide book on design (b) Propose system and organization that will provide design promotion assistance (c) Prepare action plan for design promotion model</p>	Hanoi Industrial Design University, VCA, VCCI	<ul style="list-style-type: none"> • No assigned area • All 11 craft items
(5) Development of internationally competitive craft products	<ul style="list-style-type: none"> • Acquire know-how to develop internationally competitive products • Teach product development methods and processes that meet high international market needs <p>(a) Develop strategy covering product development to market evaluation (b) Train crafts development coordinators</p>	MOT, VIETRADE, Hanoi Industrial Design University	<ul style="list-style-type: none"> • Ha Tay, Nam Dinh, Bac Ninh • 4 items: stone carving, lacquer, metal, wood
(6) Environmental improvement in craft villages	<ul style="list-style-type: none"> • Understand current environmental problems and issues (wastewater treatment, raw materials, working environment, etc.) in craft villages and craft households <p>(a) Propose action plans to improve regional environmental problems and working environment of craft villages (b) Propose workplace safety standards for craft production</p>	MONRE, MOLISA, DARD, DOSTE, people's committees	<ul style="list-style-type: none"> • Van Phuc village, Ha Tay (silk weaving)
(7) Strengthening of management capacity of ethnic minorities	<ul style="list-style-type: none"> • Strengthen management capacity of ethnic minorities on producing and selling crafts • Carry out trainings <p>(a) Prepare management improvement manual (b) Propose measures to assist ethnic minorities</p>	Craft Link (NGO), Women's Union, DARD, PCs	<ul style="list-style-type: none"> • Ta La Cao village, Lai Chau (Hmong weaving); Van Giao village, An Giang (Khmer minority group's weaving)
(8) Craft village development strategy	<ul style="list-style-type: none"> • Examine possibility and direction of participatory approach in providing assistance to craft villages • Consider organizing craft activities <p>(a) Develop craft village development strategies and action plan (b) Adopt participatory approach in making development manual for craft villages (c) Propose government assistance schemes (organization, finance, human resources, technical assistance, etc.)</p>	Prime Minister's office, CIEM, DARD, commune people's committees	<ul style="list-style-type: none"> • Ha Thai village, Ha Tay (lacquer); Village No. 8, Ninh Binh (rush)
(9) Vietnam Artisan Craft Competition	<ul style="list-style-type: none"> • Make artisan crafts familiar in Vietnamese daily life and to raise the awareness on the need to preserve and develop artisan crafts <p>(a) Conduct Judging of Artisan Craft Competition</p>	MARD, MOCI	<ul style="list-style-type: none"> • Nationwide • All 11 craft items

2.4.4 Addressing Craft Sector Issues through Pilot Projects

This Study shows that craft issues are interrelated. They are not limited to craft making, social environment, human resources, and information infrastructure alone. Hence, they should be dealt with comprehensively by considering technological, societal, and environmental factors.

Eight (8) of the 17 identified issues in the Study were given primary focus by the pilot projects and are expected to improve up to a certain level during the implementation of the pilot projects. Other issues, such as human resource and infrastructure development, were given secondary attention (see Table 2.4.3).

Table 2.4.3 Addressing Main Issues on Craft Items Through Pilot Projects

		Pilot Projects							
		(1) Informati on System	(2) Cluster Dev't	(3) Conservati on of Craft Tradition	(4) Design Promotio n	(5) Devt. of Crafts	(6) Env't'al Improve- ment	(7) Ethnic Minorities	(8) Dev't Strategy
Issues	1) Securing of raw materials								
	2) Technology improvement		B						
	3) Product quality enhancement		B						
	4) Production process upgrading		B						
	5) Design improvement				A	B		B	
	6) Establishment of craft information system	A	B	B	B				B
	7) Cluster development		A						B
	8) Human Resource Dev't		B		B	B		B	A
	9) Business management improvement		B					B	
	10) Work env't upgrading						B		
	11) Provision of financing								
	12) Improvement of distrib'n								
	13) Marketing improvement				B	A		B	
	14) Linkage with tourism	B		B					
	15) Impact on natural environment						A		
	16) Assistance to ethnic minorities				B			A	
	17) Conservation of traditional value	B		A	B	B			
Craft Items	1) Rush								x
	2) Lacquer					x			x
	3) Bamboo & rattan		x						
	4) Ceramic								
	5) Embroidery							x	
	6) Weaving		x	x			x		
	7) Wood		x			x			
	8) Stone carving					x			
	9) Paper								
	10) Block printing								
	11) Metal			x		x		x	
No selected item	x			x					

Source: JICA Study Team

Note: A – main issue; B – minor issue; x – target craft item

2.5 Outline of Seminars and Workshops

1) Conduct of Seminars and Workshops

Pilot project implementation which run parallel with the Study was considered an effective methodology to raise the consciousness among governmental agencies on the need to support and develop the craft sector and to strengthen their policy commitments -- which should be guaranteed as the Study's results -- besides the sustainable measures that will be proposed. In the course of the Study, several seminars and workshops were conducted to raise awareness among concerned ministries, local authorities, and related institutions as well as to seek their active participation in the Study and to establish collaborative linkages with them (refer to Table 2.5.1).

Table 2.5.1 Seminars and Workshops Conducted in the Study

Seminar / Workshop	Agenda	Participating Institution (Number)	
NGO Meeting	Collect information on NGOs' activities in the fields of craft promotion and rural development. March 7, 2002, Hanoi	International NGOs (6), Local NGO (1)	
Consultation Meeting	Explain the outline of the Study Explain the outline of the Mapping Survey of Artisan Crafts and establish collaborative linkages with provinces March 15, 2002, Hanoi, Mar. 22, Da Nang and April 5, HCMC	All provinces (61), MPI, MARD, and other institutions (120 persons)	
1 st Seminar and Craft Exhibition	Introduce Japan's experiences in promoting local industries and regional development Evaluation of Vietnamese crafts collected from all over Vietnam Exhibit craft items from Japan and other Asian countries June 29, 30, 2002 HCMC and July 2, 3, 2002 Hanoi	Ministries, provincial governments, NGOs, enterprises, media, and others (93 persons in HCMC and 204 in Hanoi)	
Focus Group Discussion	Discuss the topics below, which were identified as crucial for craft promotion in Vietnam by reviewing the current situation, e.g. awareness of Vietnam side, institutional frameworks at present and capacities to implement pilot projects. "Traditional Value and Design Development of Crafts" "Manufacturing Process and Business Management" "Market Development and Distribution Management of Vietnam Handicraft Fine Art Products" ³ "Some Perspectives on Development and Promoting Crafts with Ethnic Minority Communities" "Craft Sector Development at Provincial Level (Ha Tay)" September 4,6,9,11, 2002 Hanoi and September 13, 2002 Ha Tay	Institutions concerned with each topic, e.g. MOT, MOLISA and other government authorities, enterprises, educational institutions, NGOs (86 persons)	
Workshop on Candidate Model Provinces Selection	Report the outputs of the Mapping Survey and exchange opinions on candidate pilot projects as well as the selection process of candidate model provinces. September 30, HCMC 2002 and October 1, Hanoi	50 provinces (30 from the North and 20 from the South)	
Workshops of Pilot Projects	PP1	- Internet training course (4 days in February 2003 at MARD)	Officials of 4 model provinces
	PP2	- Workshops after diagnosis of enterprises (3 times from November 2002 to May 2003 at DOI/ DARD)	DOI/ DARD, enterprises
	PP3	- Photo training workshop (1 day in November 2002 at village) - Exhibition in village (1 week in August 2003) - Exhibition at Vietnam Museum of Ethnology (1 month in September 2003)	Craft persons in village, DOI/ DARD

Cont'n Table 2.5.1

Seminar / Workshop	Agenda	Participating Institution (Number)
Workshops of Pilot Projects	PP4 - Workshop to discuss design promotion system (1 day in February 2003 at Industrial Art University) - Seminars to introduce Design Guidebook (1 day in July 2003 at Industrial Art University in Hanoi and at HCMC PC)	Designers, students, enterprises
	PP5 - Exhibition of prototype products and seminar (1 day in September 2003 at La Thanh Hotel)	Master Artisan, designers, retailers, artists
	PP6 - Working group meetings (3 times from June to September 2003 at village) - Workshops (1 day in September 2003 at village)	DOI, DONE, DOTourism, Village PC
	PP7 - Orientation workshop (1 day in December 2002 at commune) - Training course in management, design and literacy (from December 2002 to August 2003 at village) - Study tour (4 days in Hanoi in November 2002 for An Giang group, 4 days in Sapa, Lao Cai in April 2003 for Lai Chau group) - Business plan training workshop and study tour in Hanoi (4 days in May 2003) - Business and marketing workshop (1 day in July 2003 at village) - Provincial seminars (1 day in November 2003 at provincial centers)	Ethnic minority groups, commune WU, NGOs, VCCI, DOI/ DARD
	PP8 - Working group selection workshop (1 day in November 2002 at village) - PRA training and situation assessment (10 days in November 2002 in Ha Tay and in June in Ninh Binh at village) - Village meeting (1 day in May in Ha Tay and June 2003 in Ninh Binh at village) - Provincial seminar (1 day in June 2003 in Ha Tay and in September 2003 in Ninh Binh at village) - Hanoi seminar (1 day in September 2003 at MARD)	Working group in village, villagers, village/ commune/ district PC, WU, Farmers' Union, enterprises, DARD, NGOs, donors
1 st Pilot Project Workshop	Discuss interim findings, significance of problems among task force members related to each pilot project and identify possible improvements in implementing pilot projects. 24 February 2003, Hanoi	Task managers and members of 8 PPs, 7 provincial officers
2 nd Pilot Project Workshop	Discuss next steps for and lessons learned from each pilot project pilot projects and recommendations that should be included in the Craft Development Master Plan. 9 July 2003, Hanoi	Task managers and members of 8 PPs, 7 provincial officers, central governmental officers
3 rd Pilot Project Workshop	Present the entire process of the activities, results of the assessment, lessons learned and recommendations which will be reflected in finalizing the Master Plan. 26 September 2003, Hanoi	Task managers and members of 8 PPs, 7 provincial officials, central governmental officials (70)
Model Provincial Workshops	Report on the progress of the Study, discuss about the current situation of provinces and the Draft Provincial Master Plan of 4 model provinces 24 October 2003 in Ha Tay, 7 November 2003 in Quang Nam, 11 November 2003 in An Giang, and 13 November 2003 in Lai Chau	MARD, MOI, provincial governments (30-50 from each province)
Final Seminar and Exhibition	Report on the overview of the Study, Introduce experiences of Japan and Thailand in promoting craft development Exhibit craft items developed through pilot projects January 7 2004 in Hanoi, January 12 in HCMC	Ministries, provincial governments, PP taskforces, NGOs, media, and others (171 in Hanoi and 101 in HCMC)
Final Judging of Vietnam Artisan Craft Competition	Select 20 prize items from 100 qualified items Evaluate craft items from 5 criteria (creativity, usefulness, good design, tradition and attractiveness) January 8 2004 in Hanoi	83 applicants, provincial governments, media

Source: JICA Study Team

2) Leveraging the Japanese Experience through Japanese Instructors and Experts

The promotion of Japan's traditional crafts were developed through various administrative assistance and promotional activities initiated by private enterprises and concerned stakeholders. Among these were laws³ that promoted traditional crafts and administered by the Ministry of Economy, Trade and Industry; nationwide assistance by the Association for the Promotion of Traditional Craft Industries⁴; sales promotion assistance; and human resource development that helped local industry promotion by the local governments. Thus, promotional efforts initiated by both the industry and the Government, as well as role sharing among central and local governments and the private sector, and other factors, will be a good reference point for Vietnam to formulate its own craft promotion and support measures.

In order to share Japan's experiences in local industry promotion and regional promotion activities with concerned parties in Vietnam and make it as a valuable input for Vietnam's own craft promotion, qualified persons with long track records in craft development were sent to Vietnam as seminar lecturers, exhibition experts and pilot project advisers (see Table 2.5.2).

³ The laws took effect in 1974 as nationwide measures to develop local industry and economy through the promotion of traditional craft industry. As of 2003, 203 craft items are registered.

⁴ The Association for the Promotion of Traditional Craft Industries was established in July 1975 based on the traditional craft industry promotion laws with the consensus of the people, local authorities, craft industries, etc.

Table 2.5.2 Leveraging Japanese Experiences
through Dispatching Japanese Instructors and Experts

Duration	Lecturer/Expert	Objective and On-site Activity
1 st Seminar and Exhibition & Fair (June-July 2002)	Professor Kiyoshi Miyazaki (Dean, Engineering Department, Chiba University)	Lecturer on "Sustainable regional promotion by crafts". Introduced rural promotion and local industry development of Mishima City, Fukushima prefecture.
	Ms. Ruri Noguchi (Director, Advisor, GK Design, Inc.)	Lecturer on "Regional development and traditional crafts". Judge for the Exhibition. Introduced background of Japanese industrial and design promotion
	Mr. Takayuki Maruoka (Director, Planning Division, Institutional Arrangements in Japan and Activities of the Japan Traditional Craft Center)	Lecturer on "Legal systems regarding Japanese traditional industry promotion and activities of the Association for the Promotion of Traditional Craft Industries."
	Ms. Yuko Yokoyama (Director, Jomonsha)	Judge for the Fair. Reviewed submitted crafts to the Exhibition from the viewpoints of marketability and design.
Craft Village Survey and Focus Group Discussion (September 2002)	Ms. Kazu Watanabe (product merchandiser) Ms. Teruko Mitarai (Product Merchandiser, Tea Pot, Inc.)	In order to select pilot projects, evaluated each craft item, analyzed its possibilities and marketability and made proposals. Participated in the focus group discussion on "Market development".
1 st Pilot Project Workshop (February 2003)	Professor Hiroyuki Aoki (Chiba University, Industrial Design, Materials Planning Educational Research) Assistant Professor Tetsuo Kidokoro (Tokyo University, Graduate School of Engineering, Urban Engineering)	Participated in the 1 st Pilot Project Workshop. Followed up pilot projects and their evaluation and made recommendations for further development.
Pilot Project 4: Design Promotion Seminar (July 2003)	Mr. Haruaki Matsuyama (Chief Director, Ishikawa Prefecture Design Center)	As design specialist, lectured at final report seminar of "PP4: Design Promotion about possibilities of Vietnamese crafts design promotion and introduced activities made at the Ishikawa Prefecture Design Center".
Vietnamese Craft Competition: 1st Judging (September 2003)	Mr. Takayuki Maruoka (craft expert) Mr. Koichi Yasui (design expert)	Evaluated entered items and made recommendations on possibility of craft development in Vietnam.
Final Seminar and Exhibition (January 2004)	Professor Ichiro Mizuno (Architecture Dept., Kanazawa Institute of Technology)	Lecturer on "Traditional Craft Development in the period of Modernization and Globalisation in Japan". Introduced historical context of craft development in Japan, efforts of Ishikawa Pref. and suggestion for Vietnam.
	Mr. Yasuhiro Shinomiya (Traditional Master Craftperson of Sumpu Bamboo Ware, Shizuoka prefecture)	Lecturer on "Activities in Traditional Bamboo Craft Making in Japan". Introduced traditional bamboo wares in Japan, activities of a cooperative and Shizuoka Pref..
Vietnamese Craft Competition: final Judging (January 2004)	Mr. Takayuki Maruoka (craft expert) Mr. Koichi Yasui (design expert) Mr. Fumio Shimizu (design expert) Ms. Aya Nakayama (craft expert) Mr. Junya Kitagawara (market expert) Ms. Emi Kimata (market expert)	Introduce their experiences on craft promotion in Japan and other countries. Discuss criteria, evaluate craft items and select awards

Source: JICA Study Team

3. CURRENT STATUS OF VIETNAM'S CRAFT SECTOR DEVELOPMENT

3.1 Historical Background

3.1.1 Historical Changes of Craft Products

Vietnam has around 200 types of craft products. Many of them have long histories and rich traditions spanning back over several hundred years to the early stages of the social, cultural, and agricultural development of the country, as well as the Indochina region. The Ha Dong silk products in Ha Tay dates as far back as 1,700 years, the Bat Trang ceramics in Hanoi to 500 years, and the rattan and bamboo crafts of Phu Vinh in Ha Tay to 700 years. Most of the traditional craft items were made as daily implements or as necessary farming and village tools mainly created in the off-farm seasons. Bamboo crafts were made as baskets used for drawing water or catching fish. Several other types of baskets were used for crop harvesting and rice seeding, as kitchenware or furniture. Wooden crafts mainly featured carved figures used in festivals or rituals, or either as furniture, eating utensils, decorative pieces, etc. Ceramics were usually for dinnerware, utensils, and decoration. Embroideries adorned daily garments or clothing for festivals. The basic skills and techniques used to produce the traditional crafts have been handed down through generations. In other words, the history of craft making not only sheds light on Vietnam's past but on the development of its agriculture and industry through the centuries, as well.

Exports of Vietnamese craft items also have a long history that dates back from the Ly Dynasty in the 11th century to the Tay Son Dynasty in the 14th century. Shipments of items, such as agricultural and forest products, ceramics, wooden furniture, rattan and bamboo products, paper, silk, silverware, ivory, etc., were already being done. They were usually shipped from Van Don Port, Van Ninh Port, and much later from other ports in the country, such as Pho Hien, Hoi An, Phan Thiet, Ben Nghe, Nha Rong, etc.¹

Throughout this long history of craft usage, method of production, purpose, markets, etc. have continuously changed, even up to the present. The history of craft production can be divided into three eras based on purpose and demand as shown in Table 3.1.1.

However, the most commercially significant period in the long history of Vietnamese crafts has been the last ten years or so when dramatic changes occurred. Production volumes have dramatically shot up in such a short period and the designs have rapidly shifted from traditional to quasi-traditional forms. These changes were brought on by the need to meet expanded markets. It is believed that

¹ Van Don Port was the first international port in Vietnam that became prosperous during the 14th to 18th century. It is located near Ha Long Bay in Quang Ninh province in the north. Pho Hien Port is on the Red River in Hanoi (Hung Yen province in the north). Van Ninh Port (Khan Hoa province) and Hoi An Port (Quang Nam province) are in Central Vietnam. Phan Thiet Port (Binh Thuan province) and Nha Rong Port (HCMC) are in the south.

the trend will continue in the future. Whether these expanded markets, a rapidly increased export amount, and increased employment opportunities will be sustained or not will depend on the success of an overall development strategy and its implementation in the future.

Table 3.1.1 Historical Changes in Craft Making

Era	Major Purpose of Craft Production	Major Users
From birth of civilization to beginning of 20 th century	Most products were produced as necessary tools or items for daily life, some for festivals and others as gifts to influential persons	Common craft products were for own consumption; special craft products were for authorities in the region or for festivals
From beginning to end of 20 th century	As necessary items for daily life and for barter trade with former Soviet Union and its satellite countries.	Former Soviet Union and satellite countries, partly to France and some international markets.
Since end of 20 th century to early 21 st century	As leading export items or souvenirs for international tourists	International market (around 50 countries import Vietnamese craft products), ordinary consumers

Source: JICA Study Team

3.1.2 Development of Craft Villages

In many ways, the country's rural economy has progressed in tandem with the development of the craft villages. Historically, the craft village was not just a craft making center but a vibrant cultural center as well. It was a place where highly skilled artisans crafted communal items as well as implements vital to rural existence. They were also sites where raw materials were gathered and unique communal production methods were done. Craft items made were not limited to day-to-day items but included the production of fine crafts and icons for festivals and rituals. Today's craft village is an assembly point of long inherited traditional values and techniques that helped create a culture, an economy, and a social environment.

Although Vietnamese crafts were already being brought or traded outside the country in the middle of the 11th century it was only in the 13th century when craft villages started proliferating in various places. Around the 15th century, craft workers were called into Hanoi and there they started living collectively in districts called *phuong*. There were 36 *phuong* in the old town of Hanoi, which formed a castle town. Numerous craft workers also gravitated to Hue and Hanoi under various dynasties and they produced superior fine art and architectural works. Their traditional techniques have been inherited up to this day.

Minority tribes residing in the mountainous regions also produce craft items such as bamboo cages and woven textiles, although most are for self-consumption. Old tradition and inherited techniques, as well as historical motifs of the minority tribes, unfortunately are vanishing due to frequent use of cheap industrial and imported products, which are easily obtainable in local markets. This trend is attributable to

the ethnic communities' limited ability to properly evaluate the value of their crafts due to their isolation from mainstream society.

The changing face of the craft villages in the past few years was precipitated by Vietnam's shift to a market-oriented economy and the country's promotion of exports. A sustained policy on industrialization and the promotion of the rural industries have raised employment and average incomes in the rural areas. New technology has also been introduced. Thus, the inflow of skilled craftspersons and young labor to urban areas has been evident where large-scale craft factories have risen in the outskirts of major cities like Hanoi and HCMC.

As craft production has become an important policy advocacy by both the central and provincial governments, the establishment of new craft villages and the development of village clusters aimed at sustaining rural growth and generating employment have progressed. For instance, to increase production and distribution efficiency, a policy separating the living and working environments of craft workers have been initiated. Local governments advocate relocation of compact and polluting production entities, small and cottage industries to the area where infrastructure and appropriate facilities have been planned and built. However, in reality, most craft producers do not have enough resources to make the transfer. Many prefer to stay in their original working sites, usually located near their domiciles, and thus more convenient for them.

3.2 Craft Sector's Role in Socio-economic Development

3.2.1 Rural Industrialization and Development of Non-farm Sector

Although the rural area accounts for 80% of Vietnam's total population and 90% of its poor, its share in the gross domestic product (GDP) is only 35%. The GDP share of urban areas (i.e. Hanoi and HCMC) is 65%. This mirrors the imbalance in the development taking place in these areas. The income disparity is significant between urban and rural areas, with more than 10 million unemployed and underemployed workers mostly in the rural areas, forming an unstable variable for socio-economic development. Furthermore, the agricultural sector alone does not provide future prospects for sufficient employment opportunities. Under this condition, creating rural employment opportunities will have to depend on the growth of the rural industrial sector. It is estimated that the average income in the non-farm sector is three to four times bigger than that in the agricultural sector.³ It is expected that even poor, landless farmers will benefit from the expansion of services and labor associated with rural industrialization. Vietnam's national development policy states that rural industrialization should focus on the development of local industries and service sectors including promotion of rural industries, labor-intensive industries or industries utilize available local materials.

² Ha Tay People's Committee, "Decision on issuance of Provincial Regulations on Industrial Clusters in Ha Tay Province", 2003

³ "Vietnam Agriculture and Rural Area in the Renovation Period 1996-2002", General Statistics Office (GSO)

3.2.2 Place of Non-farm Sector in National Development Policy

Rural industrialization is a priority in the national policy on agricultural and rural development and the development of small- to medium-sized industries. In the “Strategy for Socio-economic Development for 2001-2010”, relative to the promotion of industrialization and modernization, decreasing agricultural population by 50% by shifting from agriculture to industry and services by 2010 is a primary objective.

In the report titled “Matters for Discussion on Agriculture and Rural Development Strategy in Vietnam for 2001 – 2010”⁴ prepared by the MARD, craft making falls under non-farm industries. These industries are composed of small handicraft industries and small- to medium-scale services related to agricultural production, including those that produce items used in the people’s daily existence. They are commonly managed as family enterprises, others as guilds or cooperatives. There are more than 100 types of these businesses and they are classifiable into three groups based upon craft types ratio of labor involved: 1) production and processing of agricultural or fishery products (17.9%), 2) small-scale handicraft production (40.8%) and 3) construction and provision of services (41.3%).

The role of non-farm industries in the national economy and in social development, according to the MARD report, is the provision of workplaces, increase in incomes of farm households, rural development, and industrialization of the rural economy (see Table 3.2.1).

Table 3.2.1 Role of Non-farm Industries in National Economic and Social Development

a) Employment Generation	Provide new employment opportunities in related industries or in service sector (around 60% of farm labor can be absorbed in craft villages).
b) Increased Income of Farm Households	Poverty rate declines due to increased incomes. It is reported that no family starves in craft villages.
c) Development of Rural Areas and Industrialization of Village Economy	The village will save income generated from non-farm activities. Savings can be utilized to improve the infrastructure and improvement of living conditions in villages.

Source: MARD2000, “Report on the Evaluation of Present Non-farming Industry and Development Policy up to 2010”

Since 1989, the transformation of specialized farming units to non-farming units and the acceleration of industry have progressed in line with the national goal of shifting the country’s economic system to a market-oriented one. Consumer goods and services industries grew rapidly due to the dissolution of state-run cooperatives, the sluggish condition of state-owned enterprises (SOEs), and the development and growth of private-run companies, agricultural, forestry and fish processing industry; and construction industry (see Table 3.2.2).

⁴ MARD, “Some Matters for Discussion on Agriculture and Rural Development Strategy in Vietnam for the period 2001 - 2010”, August 2000

Table 3.2.2 Characteristics, Issues and Direction of Non-farm Industries

Article	Characteristic and Issue	Direction
Labor Force and Its Utilization	<ul style="list-style-type: none"> The number of laborers engaged in non-farm industries accounts for around 10 million and 29.5% of total labor force in the village. 90% is cottage industry and 10% business office. Average number of workers in the cottage industry is 3 – 4 persons and for business establishments it is around 30 persons. Composition of the number of workers engaged in the non-farm industry -- agricultural, forestry and fishery processing (17.9%), small and handicraft industry (40.8%) and construction and service industry (41.3%). 	<ul style="list-style-type: none"> Since large business establishments have larger outputs; it is recommendable to introduce labor-intensive technology. In order to solve the excessive labor force in the village, introduce non-farm industry to absorb labor force and expand the scale of business establishments so as to increase their competitiveness.
Factory and Facility	<ul style="list-style-type: none"> Infrastructures are not provided well. Some factories cannot access electric power sources. Environmental pollution is generated by facility or chemicals as living areas are used as production areas, and such condition adversely affects the living atmosphere. In cottage industries, underdeveloped techniques and old machines are used. The amount invested in facilities in rural areas accounts for only 40-60% of that in urban areas; thus, the competitiveness of products made in rural areas is lower than that made in urban areas or that of imported products. 	<ul style="list-style-type: none"> As output increases where infrastructure and machinery are well provided, this implies that electrification and industrialization will ensure development. Introduce technologies, which can utilize labor force sufficiently.
Capital and Credit	<ul style="list-style-type: none"> Capital for both cottage industries and business establishments are small; thus, the investment in quality improvement and production expansion is limited. The business scale of cottage industries and business establishments that utilize credit facilities is larger compared with those not utilizing credit facilities. Cases of using credit facilities in the northern region are more than those in the southern region. The average amount of credit in the northern region is larger than in the southern region as well. Personal credit sources are used more often than banks, state financial support programs, or groups. 	<ul style="list-style-type: none"> Financial policy as supplementary support for non-farm industries is needed. The liquid capital amount (for raw materials, etc.) should be increased to maintain its balance with fixed assets (land, facility, etc.).
Raw Material and Market	<ul style="list-style-type: none"> Raw materials are obtained mainly from local sources and purchase systems are not organized. Related laws and regulations for development of raw material production has not been organized properly thus quality remains at low levels, particularly for wood and bamboo. Raw materials are purchased indirectly from various distribution routes including unlawful routes thus pushing up production costs. As raw materials are processed by producers themselves, raw material quality cannot be standardized thus product quality cannot be maintained at unified levels. 90% of products is consumed by the domestic market and most export items are fine arts. Commodity is simple and quality is low thus they do not attract foreign market demands. 	(no description)

Source: MARD2000, "Report on the Evaluation of Present Non-farming Industry and Development Policy up to 2010"

The merits of non-farm industries are: 1) they do not require large capital investments, 2) value-added products are high, 3) capital collection period is short, and 4) development is possible even in remote areas because they do not require costly infrastructure. Furthermore, their development potentials are: 1) export market is assured besides a large domestic market, 2) existence of large pool of young labor, and 3) most raw materials are obtainable in villages themselves. To realize these potentials, a proper policy is needed. From this viewpoint, issues are

dissected and their corresponding measures are identified per specific area like products, markets, organization, production scale, village infrastructure, management capabilities, credit facility, technology, environment, policy measures, etc. (see Table 3.2.3).

Table 3.2.3 Problems and Measures Related to Development of Non-farm Industries

Article	Problems	Solution
Products and Market	<ul style="list-style-type: none"> Quality is low due to underdeveloped technology and outdated facilities. Production cost is high and technical skill of workers is low. The experiences of managers concerned with management and control, market information, consumers' needs, kinds of product demanded, design, etc. are not properly assessed. Income of village is low. There are lots of imported products in the domestic market. The purchasing power of the people is low. Export market is dominated by large SOEs, which hinders the opening up of the market to other players. Number of intermediaries is numerous. Producers cannot directly participate in export markets or grasp the needs of clients (design, quality, price, etc.) 	<ul style="list-style-type: none"> Prevent black markets Regulate imported products which can be produced locally. Ease the procedure on exports. Support improvement of technology and introduce new production facilities. Support capacity building for managers.
Organization and Scale of Production	<ul style="list-style-type: none"> Cottage industries cannot access export markets due to limitations in capital, technology and facility. 	<ul style="list-style-type: none"> Support the transformation of management style of family-run industries into corporate, business establishments, or cooperatives, etc.
Village Infrastructure	<ul style="list-style-type: none"> Condition of transport, power, water, and communications, especially roads, infrastructure is inferior. Power supply is intermittent. 	<ul style="list-style-type: none"> Appropriate budget for village infrastructure.
Capability of Business Managers	<ul style="list-style-type: none"> Managers of business enterprises are not sufficiently knowledgeable about business administration and management, as well as law. 	<ul style="list-style-type: none"> Provide training, ie seminars, and support measures to equip managers of small and medium-sized enterprises with knowledge and to reinforce their management capabilities.
Credit and Financial Support	<ul style="list-style-type: none"> Business establishments are always short of funds as processing of applications for short-term loans takes so long, loanable amounts are lower than needed, and conditions in securing collateral are hard to comply. 	<ul style="list-style-type: none"> Establish policies giving preferential treatment to applications for medium- to long-term financing from certain regions and occupations. Schedule financing properly and provide simple procedures for loan applications. Establish financial credit organizations in rural areas.
Technology	<ul style="list-style-type: none"> Since traditional and outmoded technologies are applied, quality of products is low and cost is high; thus, competitiveness is weak. 	<ul style="list-style-type: none"> Introduce new facilities for small and medium-scale enterprises (SMEs) as well as proper technologies. Establish regulations to invite skilled labor to villages. Provide technology support and transfer centers.
Environment	<ul style="list-style-type: none"> Lack of wastewater treatment in dyeing factories and severe air pollution in ceramics factories adversely affect the health of workers and villages where such factories are located. 	<ul style="list-style-type: none"> Establish comprehensive land-use measures to delineate industrial from residential areas Introduce new technologies to prevent environmental pollution. Provide appropriate wastewater treatment.
Policy Measures	<ul style="list-style-type: none"> Policy on promotion of non-farm industries is not sufficient. Business procedures are complex, that not enough information is available to business managers. 	<ul style="list-style-type: none"> Further disseminate information on government's business policies. Review all business policies and update them to adjust to existing situation.

Source: MARD2000, "Report on the Evaluation of Present Non-farming Industry and Development Policy up to 2010

The Vietnamese government considers the promotion of the craft industry as an effective policy goal that will reform the economic structure, uplift the agricultural economy, generate rural employment, increase income of rural labor, reduce rural poverty, and eliminate social problems, among other positive impacts.

3.2.3 Characteristics of Craft Sector and Basic Directions of Policy Measures

Although the craft sector faces similar problems as other non-agricultural industries in Vietnam, it has its unique characteristics.

1) Characteristics of Craft Industry

- (a) Among non-agricultural products, craft items are suitable to international markets as export commodities, and thus have high possibilities for product development (Export promotion).
- (b) Production process mainly relies on handcrafting, resulting in a high percentage of female labor (Employment opportunity for women)
- (c) It is suitable as a rural industry since it makes use of locally available materials and labor (Rural development promotion)
- (d) Rooted in the region as a traditional industry so development is in line with the preservation of traditional values and culture (Preservation of regional and traditional cultures)

2) Aspects to be Considered

- (a) Both quality and production management in the handicraft process must be emphasized for quality control, in addition to mechanization and technology introduction (Production process improvement).
- (b) Cost recovery period is long because of seasonal influences and most work are done in the off-farm season; production/delivery schedules differ depending on region and product; and stocks are large as well (Financial support for revolving fund).
- (c) Market demand for crafts as daily items constantly change, so a production system to balance demand and supply is necessary (Marketing and production management improvement).
- (d) Understanding of the multifaceted and constantly changing foreign market is necessary as well as adding value to compete with similar Asian products (International competitiveness).

Craft items must be distinguished from industrially made ones by focusing on its inherent values (i.e. handmade, made from local materials, traditional, ethnic, etc.). A unique development goal and strategy, one that makes use of their unique characteristics are necessary, taking into account the development goal and policy of non-agricultural industries.

3.2.4 Share of Craft Sector in GDP

1) Economic Growth and GDP Structure

Although still considered as one of the poorest countries in the world, with a per capita GDP of about US\$400, Vietnam is in the process of modernization, and is in the transitional stage from a closed economy to a vibrant, open one. Aggregate economic indicators in the early to mid 1990s showed an economic growth of over 8% per annum from 1991-1997. But in 1998, this dipped to less than 6%, but has quickly recovered to over 7% (see Table 3.2.4).

On GDP by region, more than 50% of total GDP comes from the country's northeastern south and in the Mekong River delta area, which makes these regions pillars in the country's economic development (see Table 3.2.5). GDP by sector differs per region. In the case of the Mekong River delta, more than half of its GDP comes from agriculture. On the other hand, almost 90% of the GDP of the northeastern south comes from its industrial and service sectors. Seventy percent (70%) of Red River Delta's GDP comes from its service sectors. On per capita GDP, the northeastern south has the highest value, at VND 7.8 million (US\$500).

Table 3.2.4 GDP and Growth Rate by Sector

Item		1991-96	1997	1998	1999	2000	2001	2002
GDP by Sector (%)	Total GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Agriculture/Forestry/Fishery		25.8	25.8	25.4	24.5	23.3	23.0
	Industry		32.1	32.5	34.5	36.7	38.1	38.5
	Service		42.1	41.7	40.1	38.8	38.6	38.5
Growth Rate by Sector (%)	Total GDP	8.4	8.2	5.8	4.8	6.8	6.8	
	Agriculture/Forestry/Fishery	4.4	4.3	3.5	5.2	4.6	2.8	
	Industry	12.8	12.6	8.6	7.6	10.7	10.3	
	Service	9.0	7.1	4.9	2.3	5.2	6.1	
Total GDP (1billion VND)			313,623	361,016	399,942	441,646	481,295	536,098

Source: "Vietnam Agriculture and Rural Area in the Renovation Period 1996-2002", GSO

Table 3.2.5 GDP Composition by Region, 1997

Region	GDP		GDP per capita (VND million)	Share by Sector (%)		
	VND billion	%		Agriculture	Industry	Service
1 Red River Delta	52,078	19.0	3.5	33.0	26.8	70.1
2 Northeast	22,905	8.4	2.1	46.0	24.9	29.1
3 Northwest	3,542	1.3	1.6	53.8	14.3	31.9
4 North Central Coast	21,788	8.0	2.1	46.3	18.2	35.5
5 South Central Coast	17,615	6.4	2.7	38.1	23.6	38.3
6 Central Highlands	6,751	2.5	2.7	64.3	12.9	22.7
7 Northeastern South	94,665	34.6	7.8	11.2	47.6	41.2
8 Mekong Delta	54,622	19.9	3.3	56.6	16.7	26.7
Total	273,966	100.0	3.6	32.5	31.2	36.3

Source: "Statistical Year Book 1998", GSO

2) Position of the Craft Sector

As previously stated, the imbalance in employment and productivity in the agricultural sector is underscored because 75% of the total population is engaged in agriculture while its GDP share is only 20%. The industrial sector has not been of much help in correcting the income/living standard gap between rural and urban populations despite having a growth rate three times bigger than the agricultural sector. This is because investments in industries and infrastructure improvement have mainly occurred in the urban areas; thus, the gap has tended to be larger.

According to the 2000 MARD report, shares of production outputs of small enterprises and handicraft manufacturers are increasing in the total output. The share of the small enterprises and handicraft manufacturers as well as the service sector was 26.8% in 1990. In 1996 it was 35.5%. The labor share of non-agricultural industries rose from 20.0% to 29.5% in the same period. Production output in the craft villages was noticeable with a 60-80% share, thus playing an important role in the socio-economic development of the regions. The craft sector directly contributes to employment promotion and income growth, brings infrastructure development and investments, as well as calibrates development differences between urban and rural areas. However, up until now, the industrialization of the agricultural villages was mainly focused on heavy or light industries, leaving behind the craft sector which mainly consists of households and small industries. This previous bias resulted in an unremarkable growth rate of a mere 7-10% from 1993-1996 (see Table 3.2.6). Today it plays an important role in transforming the economic structure of the agricultural villages and provides various opportunities for income earnings and rural industrialization.

Table 3.2.6 Growth Rate of Handicraft Industry in Rural Areas, 1991-1996

	1991	1992	1993	1994	1995	1996
Industry	9.0	14.0	13.1	14.0	13.9	15.6
Rural Handicraft Industry	5.2	4.6	8.9	11.5	7.7	7.8

Source: "Vietnam Agriculture and Rural Area in the Renovation Period 1996-2002", GSO

3.2.5 Contribution of Craft Sector to Employment

1) Characteristics of the Agricultural Sector

Although there has been a rapid increase in the number of households engaged in industries and services compared with that in agriculture, the employment situation in the rural areas are still mainly agricultural, especially in the coast or mountain areas. The Mekong Delta and central highlands are two of the biggest agricultural land areas, and the labor population in agriculture is larger in 2001 compared to that in 1994 (see Table 3.2.7). In the rural areas, the share of full-time farmers, part-time farmers, and non-agricultural households is 62.2%, 26.5% and 11.3, respectively.¹ The light manufacturing or small industries in the non-agricultural field are still developing.

¹ MARD, "Some Matters for Discussion on Agriculture and Rural Development Strategy in Vietnam for the period 2001 - 2010", August 2000.

Table 3.2.7 Household Distribution by Region and Sector

Region	Sector		
	Agriculture / Forestry / Fishery	Industry and Construction	Service
1 Red River Delta	69.3	16.5	14.3
2 Northeast	89.7	3.8	6.6
3 Northwest	96.0	0.7	3.3
4 North Central Coast	79.9	9.6	10.5
5 South Central Coast	72.7	12.5	14.8
6 Central Highlands	90.3	2.5	7.2
7 Northeastern South	57.3	19.8	22.9
8 Mekong Delta	73.6	9.1	17.4
Total	75.6	10.9	13.5

Source: "Vietnam Agriculture and Rural Area in the Renovation Period 1996-2002", GSO

2) Position of Craft Sector

The mapping survey showed that 10% of rural households, equivalent to 1.42 million households, rely on craft production, in some form or another, as their major income source. The selected craft villages amounted to 2,017 villages (2.5% of all villages), while total population engaged in the craft industry was 1.35 million (see Table 3.2.8). Craft production in the regions is positioned in between agriculture and industry. They mainly employ local sources and labor, especially in the well known export-oriented craft villages, such as the pottery village of Bat Trang in Hanoi or the wood craft village of Dong Ky in Bac Ninh, where 60% of the workforce comes from the villages or nearby areas.

The common issue concerning regional economy and employment structure is the insufficient employment in the industrial and service sectors to cover the overpopulation in the agricultural sector. The craft industry has the potential to contribute to employment generation not only in the craft village itself but in surrounding areas as well.

Table 3.2.8 Craft Making by Region, Household, Village, and Population

Region	Number of Household			Number of Village			Population		
	Total ³⁾	Craft Household ¹⁾	%	Total ³⁾	Craft Village ²⁾	%	Total ³⁾	Crafts-persons ²⁾	%
1 Red River Delta	3,411,689	532,195	15.6	15,451	914	5.9	13,501,335	848,805	6.3
2 Northeast	1,572,590	83,086	5.3	21,514	116	0.5	7,308,218	35,044	0.5
3 Northwest	375,023	26,840	7.2	6,526	247	3.8	2,039,685	104,210	5.1
4 North Central Coast	1,935,827	169,006	8.7	16,059	341	2.1	8,760,322	137,568	1.6
5 South Central Coast	1,074,488	82,532	7.7	4,008	87	2.2	4,774,156	44,730	0.9
6 Central Highlands	647,259	7,068	1.1	5,357	0	-	3,159,246	-	-
7 Northeast in South	1,304,773	189,389	14.5	3,485	101	2.9	6,071,412	93,716	1.5
8 Mekong Delta	2,826,050	332,742	11.8	8,144	211	2.6	13,329,335	84,286	0.6
Total	13,147,699	1,422,858	10.8	80,544	2,017	2.5	58,943,709	1,348,359	2.3

Sources: "Vietnam Agriculture and Rural Area in the Renovation Period 1996-2002", GSO (total data; Craft Mapping Survey, 2002 (Craft-related Data)

1) Number of craft households with craft making as main income source (from mapping survey)

2) Number of craft villages and craftspeople (from criteria of mapping survey)

3) Indicates the number of communes as shown in Figure 2.2.1; urban areas not included.

3.2.6 Income Levels of Craftspersons

1) Income Levels of Agricultural Workers

Income of workers engaged in some kind of occupation other than agriculture is generally said to be 3-4 times larger than that of agricultural workers. Average monthly income per worker is VND 295,000 (US\$ 19.4), but the urban area figure is 3.7 times higher than their rural counterparts, which forms a serious imbalance. The agriculture, forestry and fishery sector has the lowest incomes. Therefore, income gap between the urban and rural areas and the low income in the agriculture sector are highly noticeable (see Table 3.2.9).

Table 3.2.9 Average Monthly Income per Person

		VND000/person	Share in National Average (%)
National Average		295.0	100
Urban / Rural Area	Urban Area	832.5	282
	Rural Area	225.0	76
Sector	Agriculture / Forestry / Fishery	238.2	81
	Industry	288.7	98
	Service	405.9	138
	Others	373.0	126

Source: "Vietnam Agriculture and Rural Area in the Renovation Period 1996-2002", GSO

2) Income Levels among Craftspersons

The mapping survey showed that the average monthly income of households engaged in craft is VND 905,000 (US\$70), and they have a markedly low poverty rate of 3.7% compared to the 10.4% total poverty rate in the country (see Table 3.2.10). Among average incomes by region, there exists a large gap between the highest (northeastern south) and the lowest (northern and coastal regions) (see Table 3.2.11). Regional variations can also be seen in craft production wherein the average income in the northeastern south, including HCMC, is over VND 653,900 (US\$43), which is 2.2 times larger than the national average. On the other hand, average income for women engaged in craft is as low as VND115,900 (US\$7.6), showing that craft is not the major income source for ethnic minority women. However, it can be said that the craft sector highly contributes to the development of the rural economy since the average income for both male and female laborers are higher than the national average in most areas.

Table 3.2.10 Characteristics of Craft Households

	Household		Average Monthly Income per Household (VND000)	Household Poverty rate (%)
	Number (000)	%		
Craft Households ¹⁾	1,423	10.8	905	3.7
Total Households ²⁾	13,147	100.0	713	10.4

Source: Craft Mapping Survey, 2002

1) Households declaring craft as major source of income

2) Households engaged in agriculture, fishery, forestry, craft, manufacturing, service, business and others.

Table 3.2.11 Average Monthly Income per Person by Region and Occupation

Region	Average	Share in National Average	Monthly Income from Craft (VND000)		Female/Male Comparison
			Male	Female	
1 Red River Delta	280.3	95	347.6	322.4	0.93
2 Northeast	210.0	71	360.1	260.0	0.72
3 Northwest	210.0	71	246.0	115.9	0.47
4 North Central Coast	212.4	72	376.7	297.3	0.79
5 South Central Coast	252.8	86	396.0	320.4	0.81
6 Central Highlands	344.7	117	-	-	-
7 Northeastern South	527.8	179	652.9	642.7	0.98
8 Mekong Delta	342.1	116	452.4	415.0	0.92
Total	295.0	100	396.3	312.0	0.79

Sources: "Vietnam Agriculture and Rural Area in the Renovation Period 1996-2002", (GSO average); Craft Mapping Survey, 2002 (craftspersons)

3.2.7 Relationship with Social and Cultural Aspects

1) Women's Participation

- (a) **Overview:** Vietnamese enterprises that employ women are involved in the production and marketing of processed food, manufacture of garments and natural fabrics, craft industries, and many others. Since women are also engaged in agriculture, have less access to the wage-labor market, and are in charge of domestic chores, it has traditionally been difficult for them to balance traditional chores with high-income work. Exacerbating this are the lack or low level of educational attainment and low training opportunities for women.
- (b) **Women's Role in Craft Sector:** The craft sector has various kinds of craft industries such as weaving, embroidery, metal products (scissors, knives, etc.), lacquer ware, etc. And there exists a clear division of labor between the men and women in many of these industries and even in the processing of a single craft product. Women are often engaged in weaving, embroidery, rush, bamboo and rattan products, and others that are relatively done through simple handiwork. Usually, craft making that can be done in between household and other chores are the common crafts in the rural areas. Because the number of craftswomen is growing, it contributes to improving women's welfare. Taking into account the traditional issues faced by women, like income disparity, imbalanced employment opportunity, heavy domestic chores, and agricultural labor, the craft industry offers women some sort of financial empowerment. Additionally, for managers, the industry generates a high profit performance approximating VND635,000 (US\$42.3) per month. Poverty reduction through job generation in the craft industry is highly anticipated.
- (c) **Policy Assistance:** In Vietnam, the Women's Union is active at the central, provincial, district, and commune levels, forming a robust nationwide network. As of 2000, there were about 11 million female union members, and they have been active in raising their living standards and advancing their rights in Vietnamese society. The union's extensive network and organizational strength have earned the trust of international organizations and NGOs pursuing women's issues. A number of such organizations have initiated projects

together with the Women’s Union. Furthermore, the Union is taking part in formulating action plans for women’s advancement (see Table 3.2.12).

The Women’s Union is a semi-private organization and is partly under the supervision of the Government, especially in its local chapters where bureaucratic influence is most felt. Notwithstanding this, the Women’s Union is still the most deep-rooted governmental organization that is most knowledgeable about current conditions in the rural areas and the craft villages. It has played a key role in acting as coordinator in craft villages and as counterpart for various projects of governments, donors and NGOs.

Table 3.2.12 Main Activities of Women’s Union

Activity	Objective and Content of Activity
Technical training	Provide technical training with the cooperation of MARD, donors, private enterprises, NGOs, etc.
Training for Entrepreneurs ¹⁾	Make training opportunities widely available for women entrepreneurs in each province, strengthen coordination of small-scale enterprise promotion programs by Women’s Union for them to act as future BDS providers through having them learn capacities for conducting business development assistance such as management workshops, consulting, etc.
Loan Programs	Implement micro credit programs to provide access to financing to poor women and women living in craft villages in the mountainous area ²⁾
Exhibitions and Fairs	Hold exhibitions and fairs to assist in marketing products of women’s enterprises.

Source: JICA Study Team

- 1) The Maastricht School of Management provides technical assistance while the Dutch Foundation for Cooperation of International Education Institutes and Wageningen University funded this project.
- 2) Micro finance implemented by the Women’s Union is further described in Chapter 6 under “Finance and Capital”.

The Vietnamese government has outlined “job creation and advancement of women’s economic position” as a primary measure for advancing women’s welfare. Various government⁵ units, donors and NGOs have also been keen on these issues. The number of assistance and craft promotion activities that will benefit women are expected to grow because more than half of craft workers are women.

2) Cultural Values

Because Vietnamese craft items have a long tradition and are considered vital socio-cultural artifacts, such as religious tools, fine arts, and the identities of ethnic minorities, craft development should not only emphasize industrial promotion but also preservation of traditions and cultural values including those with local or regional socio-cultural imprints or identities.

⁵ “Situation Analysis and Policy Recommendations to Promote the Advancement of Women and Gender Equality in Viet Nam”, Vietnamese government, 2000. Based on this report, the “5-year Plan to promote the Advancement of Women and Gender Equity in Vietnam” and the “10-year Strategies for the Socio-Economic development” were formulated.

In a circular⁶ the MARD identifies traditional crafts as follows:

- (a) Crafts that have been handed down by craftspersons over generations before the 19th century.
- (b) Crafts that preserve traditional methods even while machines are adapted in supplementary production processes.
- (c) Crafts that have fallen into decline due to low production volumes, but need to be preserved, and for which development is needed from a socio-economic viewpoint.

The MARD has urged People's Committees in each province to take policies (see Box 3.2.1 for the Japanese traditional crafts appointment system) suitable to their region's socio-economic condition and appropriate for traditional crafts, craft villages and traditional craft villages (see Table 3.2.13 for the definitions).

Responding to Prime Minister's Decision No. 132, a joint circular⁷ was issued by the MARD, the MOLISA and the MOCI setting guidelines on bestowing the title of Master Artisan to a skilled craftsperson (see Table 3.2.14). The intent of the circular, however, has not yet been carried out and a committee has not yet been formed. The current practice of craft villages, along with the communes' PC, of giving the title of Master Artisan is not fully recognized by the central government.

Table 3.2.13 Definition of Traditional Craft, Craft Village and Traditional Craft Village

Term	Definition
Traditional Craft	Craft that has been handed down through generations before the 19 th century and remains in their original form. Machines are adapted in some supplementary processes while maintaining traditional techniques. Production of such craft is vanishing and preservation is sought. Crafts that seek development while accommodating socio-economic needs.
Craft Village	A village in a rural area that meets the following conditions: 1) main income source is generated by handicraft industry, 2) more than 30% of households or labor is engaged in craft activities, and 3) guaranteed supervision or policy by local governments.
Traditional Craft Village	A village that meets the following conditions: 1) has existed before the 19 th century, and 2) crafts have certain characteristics and widely recognized by many people. When development of traditional and famous craft village is slow and face signs of decline, when the village calls for necessary restoration, conservation and development.

Source: MARD, "Draft Circular on the Guidance of the Procedures for Approval and Acknowledgement of Traditional Artisan Craft, Craft Village and Traditional Craft Village", 12 Dec 2002

⁶ MARD, "Draft Circular on the Guidance of the Procedures for Approval and Acknowledgement of Traditional Artisan Craft, Craft Village and Traditional Craft Village", 12 Dec 2002

⁷ MARD, MOLISA, MOCI, "Joint Circular on Guiding the Criteria and Procedures for the Recognition of Master Artisan Title and Some Policies about Master Artisans", 30 May 2002.

Box 3.2.1 Japanese Traditional Crafts Appointment System

Japanese traditional crafts are appointed as such in accordance with the traditional craft industry promotion laws and meet the following criteria:

Criteria for Japanese Traditional Crafts

(1) Craft item	Requires skilled techniques and has aesthetic factors.
(2) Item used mainly in daily life	Such as tools for ceremonies, ornaments used at home, daily goods. Fine arts are excluded.
(3) Mostly handmade	Partial mechanization may be adapted as long as item retains original characteristics.
(4) Produced by traditional skills or techniques	Has more than 100 years of history. May be improved as long as craft retains original characteristics.
(5) Produced by traditionally used raw materials	Has more than 100 years of history. May use similar raw materials as long as craft retains original characteristics.
(6) Local production area is formed in certain regions	More than 10 enterprises or more than 30 people are engaged in producing craft.

Once the item meets the above criteria and appointed as traditional craft by the Minister of Economy, Trade and Industry, the following data will be made public: (1) name of traditional craft, (2) traditional skills or techniques used in production, (3) name of raw materials traditionally used, and (4) name of region where the item is produced.

Source: Ministry of Economy, Trade and Industry, Japan

Table 3.2.14 Master Artisan Appointment System

Item	Description
Criteria for Master Artisan recognition	<ul style="list-style-type: none"> Has mastered certain skills, experiences that cannot be obtained by other craftsmen, and capacity to design. Obeys the Party and national laws and is admired and recognized by his peers. Has been awarded gold or silver prizes at domestic or international competitions or exhibitions, and the level of skills is recognized by the central Master Artisan Recognition Committee. Contributes in conserving and developing traditional craft and skills, and trains younger generations to carry on the tradition.
Establishment of Recognition Committee	<ul style="list-style-type: none"> Master Artisan Recognition Committee shall be established by a Prime Minister's decision based on proposals submitted by MARD. MARD shall prepare activities and regulations proposed for the Committee.
Appointment Procedures for Induction	<ul style="list-style-type: none"> Commune PC selects and makes a short list. List shall be transferred to the Provincial PC via the District PC. Committee selects final awardees from the list and awards the certificate (once in every 3 years).
Benefits and Responsibilities of Master Artisan	<ul style="list-style-type: none"> Receives certificate from government and 2 million VND as prize money. Provides training on craft making, earnings from which shall be tax-exempt. May participate in studies, designs, technical improvement for better productivity, and scientific researches conducted using state budget. Has copyright and intellectual property right over the products developed. Receives healthcare benefits in accordance with laws. Receives 50% discount on exhibition space and premises cost when using home as studio. Receives 50% subsidy for air travel costs when participating in MOT-approved tours, exhibitions and studies abroad.

Source: MARD, MOLISA, MOCI, "Joint Circular on Guiding the Criteria and Procedures on the Assessment for Recognition of Master Artisan Title and Some Policies about the Master Artisan", 30 May 2002

⁸ MARD, MOLISA, MOCI, "Joint Circular on Guiding the Criteria and Procedures for the Recognition of Master Artisan Title and Some Policies about Master Artisans", 30 May 2002.

3.3 Government Policies on Craft Sector Development

3.3.1 System of Craft Sector Related Organizations

1) Role of MARD and Other Government Organizations

The craft sector has been considered as a small cottage industry in the industry sector. In the Prime Minister's Decision No. 132 titled "Decision on Some Policies to Promote Rural Industrial Development" (hereafter referred to as Prime Minister's Decision No. 132)⁹, handicraft and fine art products are subject to promotional policies along with other non-agricultural sector products, like agricultural/forestry processed goods and construction materials, and construction businesses within villages. The MARD was given responsibility to implement measures. Currently, among central government agencies, the MARD plays the lead role on craft development, but other institutions are likewise involved in the sector. In effect, the MARD mainly promotes craft development from the standpoint of local industry promotion and rural development (i.e. poverty reduction). The MOI, in turn, promotes development of local industries from the viewpoint of industrialization, and has increased its responsibility through the Department of Local Industry Promotion, which was established in July 2003. Other related ministries, acting on their own mandates, have their respective policies and programs. Namely, the Ministry of Planning and Investment, for small and medium-sized enterprise promotion¹⁰; the Ministry of Culture and Information, for tradition preservation; the Ministry of Trade, for trade promotion; and the Ministry of Science and Technology, for technology improvement (see Table 3.3.1).

2) Craft Sector Administration

In the central government A number of central government organizations are tasked with developing the craft sector. The provincial government and various regional organizations act as agents between the central government and the craft villages/craft workers who are the actual beneficiaries. The provincial government is particularly interested in the craft industry for its large contribution to the regional economy and local industry. In areas where the craft industry has a large impact on economic development, such as the Red River delta or the surrounding areas of HCMC, the Provincial PC and the Department of Industry provide various supporting activities. NGOs, such as the Collaboration Association of Vietnam (VCA), the Chamber of Commerce and Industry of Vietnam (VCCI), the Association of Rural Industries and Small and Medium-Sized Enterprises of Vietnam (VARISME), likewise play important roles in the sector's development (see Figure 3.3.1).

⁹ Prime Minister, "No.132/2000/TTg, Prime Minister's Decision on Some Policies to Promote Rural Industrial Development", Hanoi, 24 November 2000

¹⁰ According to Decree No. 90/2001, on Support for Development of Small and Medium-sized Enterprises, small and medium-sized enterprises in Vietnam refer to enterprises with less than 300 workers and a capital of under VND10 billion. It is subject to the Enterprise Law, State Enterprise Law and Cooperative Law. It includes registered self-supporting entities under Decree No. 02/2000/ND-CP.

3) Basic Issues on Current Administrative System

Craft items differ from products of non-agricultural sectors such as agricultural processed goods or construction materials that are manufactured by small to medium-sized enterprises. Craft making is mainly done by household enterprises without extensive organizational hierarchy. Most of the items are mainly done by hand, except for several mechanized processes needed in such crafts as pottery or silk textiles. Its traditional value is relatively difficult to measure through standard economic indicators. The sector likewise has large environmental and social impacts such as the involvement of ethnic minorities and women in its workforce.

Currently, there is no single government agency responsible for handling the whole gamut of promotion and development policies. Many ministries and agencies are concerned with parts, or issues, on craft promotion relative to their respective roles or mandates, and they conduct their own programs and projects without an ideal inter-agency coordination. Other ministries and agencies are concerned with policy formulation and programs for craft promotion. In fact, the developmental policies of each of these agencies are implemented seemingly without any coordination among themselves or the establishment of a common thread of understanding of problems and issues. Because there is a prevailing lack of efficiency in the implementation of developmental policies, such policies lose their effectiveness for their assumptive recipients as well as some of their merits.

Table 3.3.1 Roles and Activities of Stakeholders in Craft Promotion

	Stakeholder	Role in Craft Promotion	Main Activity and Issue
Central Government	Ministry of Agriculture and Rural Development (MARD)	Plan material supply and rural development from the viewpoint of agriculture and rural industrialization and modernization. Responsible for the implementation of policies on non-agricultural industries and unifying the administration of craft industries and craft villages led by the DAFPPSI.	Proposal of plans, projects, systems and policies related to non-agricultural sector promotion and development and submission of same to central government. Lead regional governments on plan implementation. Set indicators for traditional craft items. Recognize Master Artisans. Introduce preferential policies.
	Ministry of Planning and Investment (MPI)	Assume the prime responsibility over concerned ministries and investments for projects, and issue permits. Assist in small and medium-sized enterprise promotion, including craft enterprises, led by the Dept. for SME Promotion ¹⁾	Dept. for SME Promotion mainly supports small- and medium-sized enterprises through investment, credit, production, marketing, strengthening of competitiveness, export promotion, information, consulting services, and human resource development. Technological instructions, machinery protection and training will be done in the technology support center for small and medium-sized enterprise, which will be built in Hanoi, Da Nang and HCMC.
	Ministry of Industry (MOI)	Promote heavy and light industries. Assist in promoting local industries from the viewpoint of industrialization led by the Department of Local Industry.	Small and craft industry promotion and management. Development of industry zones.
	Ministry of Culture and Information (MOCI)	Assist in daily promotion of fine art and craft products led by the Department of Fine Arts from the viewpoint of preserving traditional values and the promotion of artistic values. Institute of Fine Art is branch.	Introduction of traditional craft industry. Promotion of craft industry and historical research on craft villages. Publishing. Hosting of exhibitions and workshops.

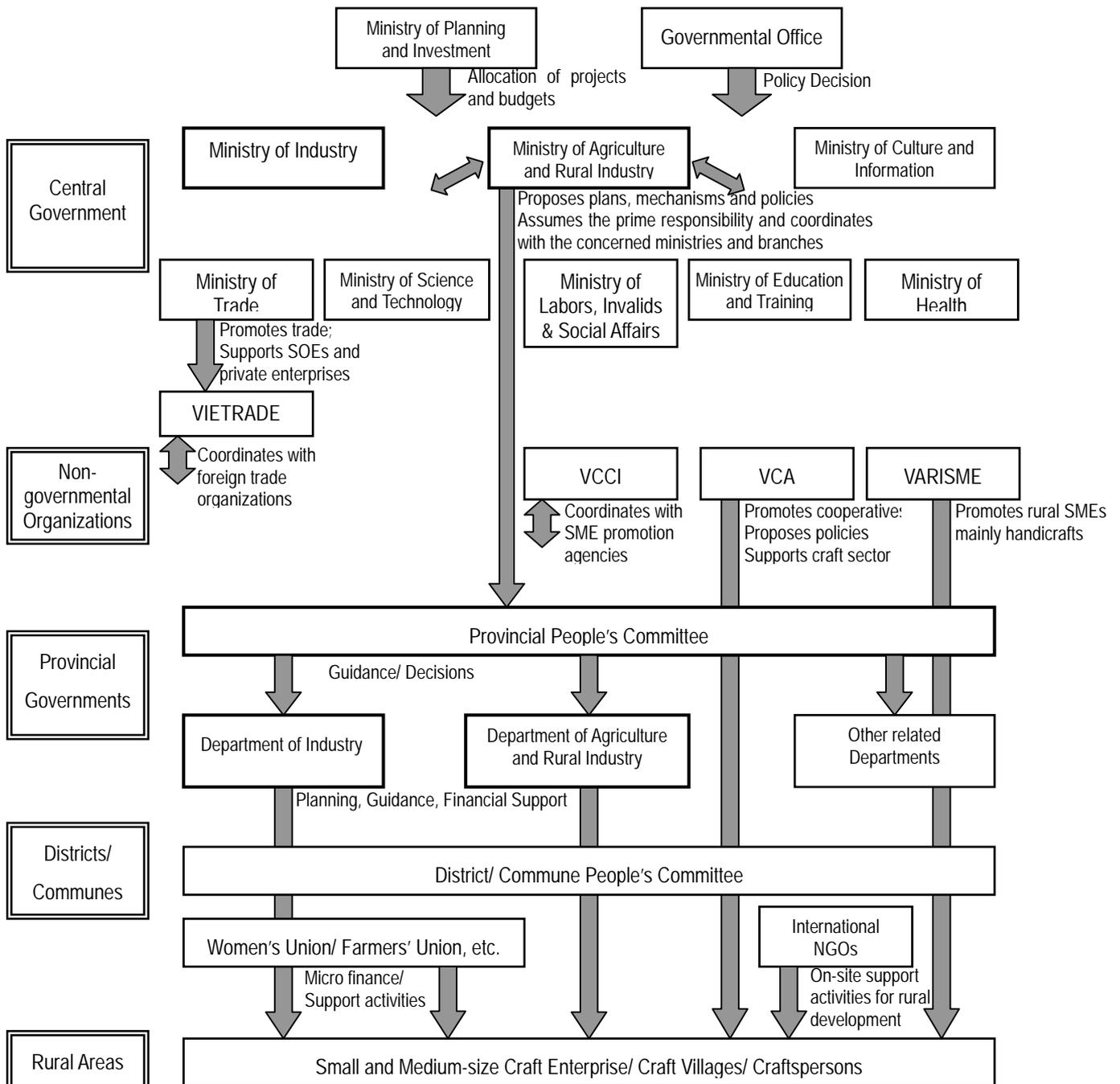
Continuation of Table 3.3.1

Stakeholder		Role for Craft Promotion	Main Activities and Issues
	Ministry of Trade (MOT)	Promote craft exports as a major export item. VIETRADE ²⁾ is under the MOT for promoting export activities through the 41 information counters mainly in overseas embassies.	Export support, publishing, foundation and support of state-owned trading companies (ARTEXPORT, BAROTEX, ARTEX Thanh Long, UPEXIM). Supervision and promotion of interaction with overseas trade promotion institutions. Hosting of exhibitions and trade fairs.
	Ministry of Science and Technology (MOST)	Implement technology improvement, research and projects related to the craft industry.	Project directly aimed at the craft sector does not exist. Issues are scattered.
	Ministry of Labor, Invalid and Social Affairs (MOLISA)	Implement craftsmanship trainings as part of craft industry promotion and poverty reduction. The General Department of Vocational Training will manage craft technology training in vocational schools.	There are few vocational schools specializing in craft technology training. Craft training in vocational schools under the management of other ministries and PCs are usually supplementary.
	Ministry of Health (MOH)	Has no particular role in craft promotion, but is responsible for health of workers and measures against occupational diseases and on hygiene management.	Research on health improvement for craft enterprises or craft village workers and on occupational diseases and hygiene management.
Provl Gov't	Provincial Peoples Committee (PPC)	Approve plans and investments related to craft in their respective provinces.	Promulgation of resolutions and decrees concerning craft industry/village promotion. Planning and investment for promoting activities (such as the founding of vocational schools in Ha Tay, Thanh Hoa and Nghe An) and selection of master artisans.
Non-governmental Organizations	Vietnam Cooperative Alliance (VCA)	National union founded in 1993. 6400 member-organizations include cooperatives and small and medium-sized enterprises. Partly relies on government support. Regional VCAs are also established.	Planning of strategies, proposition to government based on members' agreement, adjustment of government demand, consultation services, other services on legal issues, technology, information, funding, credit guarantee and marketing. Implementation of other support services, protection of master artisans and craft workers, founding of a Fine Arts Vocational School ³⁾ for craftspersons, implementation of a craft technology training course and exchanges with related organizations.
	Vietnam Chamber of Commerce and Industry (VCCI)	SME Promotion Center was founded in 1994, which provides services to small and medium-sized enterprises.	Marketing service (SME directory preparation and introduction, e-commerce of craft items), training (mainly business courses by university professors and managers), information provision, consulting services (management plan and financial analysis) and research.
	Association of Rural Industry and Small and Medium-Sized Enterprise of Vietnam (VARISME)	Founded in September 2002 in an effort to bring together regional SMEs to generate employment and improve social conditions. 300 craft-related SME members mainly in rural areas.	Management direction, human resource development, provision of market information, proposal to government based according to members' request.

Source: JICA Study Team

- 1) The Department of SME Promotion in the MPI is at present in the stage of positively acting on small and medium-sized enterprise promotion based on "Decree No. 90/2001/ND-CP, November 23, 2001, On Support for Development of Small and Medium Sized Enterprises" made on November 23. A council was founded led by the MPI with chairmen of cities directly under the control of the Government as council members.
- 2) VIETRADE is the counterpart of the Japan External Trade Organization (JETRO) and the Japan ASEAN Center and Industry Design Promotion Organization. VIETRADE is hosts exhibitions in Japan, conducts technology trainings and sends professionals mainly for the private enterprises.
- 3) Training programs are provided for craftspersons between the ages of 18 and 40 who work in cooperatives. A scholarship is given to up to 80 trainees per training program. Master Artisans provide training in craft items such as wooden sculptures, lacquer ware, bamboo or bamboo and rattan products, and embroideries.

Figure 3.3.1 Stakeholders in the Craft Sector



Source: JICA Study Team

3.3.2 Central Government Policies

1) National Policy

Vietnam has achieved remarkable socio-economic development in the last ten years in the wake of its “Strategy for Socio-economic Development 2001-2010”. Its GDP doubled between 1990 and 2000, attaining an average annual economic growth of 7%. A remarkable infrastructure development is being attained as well as employment generation (creation of new jobs for 1.2 million people). Its market is being transformed to an open market adoptive to socialism, its economic sector has broadened and living standards have steadily risen nationwide. The country has successfully recovered from a series of ground-breaking events, the fracturing of the Soviet Union, the dissolution of the Eastern European bloc, its own political and economic ambiguities, and the aftershocks of the Asian financial crisis, among others. It has now become a member of the world economy, becoming a member of the Association of Southeast Asian Nations (ASEAN) and the Asia-Pacific Economic Cooperation (APEC). It currently enjoys trade with 140 countries and gets investments from 70 nations. Its national policy states that the pursuit of a complete market economy that is adoptive to socialism is key to future economic success. Social development, equal rights, culture and educational developments, plus the establishment of national autonomy are its other urgent issues for economic development.

The “Strategy for Socio-economic Development 2001-2010” (hereinafter referred to as Ten-year Development Strategy), which is based on the Comprehensive Poverty Reduction and Growth Strategy (CPRGS)¹¹ is the fundamental document that determines Vietnam’s developmental thrusts. The Ten-year Development Strategy lays down the basic direction for regional development. It states, “All regions and zones are to promote their respective advantages for development, and create their own strengths along open economic structures and linked up with domestic and external market demands”. The Strategy does not prioritize specific regions and zones for regional development but focuses on key economic zones to provide engines for rapid growth for regions having economic difficulties. Particularly emphasized is the integration of production, trade, investment, technical assistance, and human resources. The combination of socio-economic development with environmental protection and defense and security improvement is likewise underscored.

The promotion of industrialization and modernization is particularly emphasized in industrial development policies. Also, laying the foundation for an industrialized country is considered an urgent requirement. The strategic goals of development aims to achieve a GDP growth rate of 7.5% per year from 2001 through 2010 and the GDP is envisioned to double by 2010. The number of agricultural labors will be reduced to around 50% of the 2000 level. The main national policies are presented below:

¹¹ Socialist Republic of Vietnam, “The Comprehensive Poverty Reduction and Growth Strategy”, May 2002

- (a) Improvement of technological levels in information and biology.
- (b) Industrialization and modernization of agriculture and rural areas.
- (c) Development including use of modern technology and labor-intensive industries.
- (d) Modernization of infrastructure such as communication, electricity, information and water supply.
- (e) Network improvement in urban areas, modernization of cities, urbanization of rural areas.
- (f) Effective and economical usage of natural resources.

Below are considered socio-economic strategies.

- (a) Creation of employment opportunities, increase of labor time and labor-intensive opportunities.
- (b) Development of production organizations and services.
- (c) Infrastructure development in rural areas (education, electricity, potable water supply, roads, markets, etc.).
- (d) Improvement of living conditions and population management.

Revitalization of regional economies, fostering and modernization of labor-intensive industries, including craft production are mentioned repeatedly. The importance of rural economies for future economic development is emphasized.

2) Policy on Poverty Reduction

Poverty reduction is a primary policy objective in both the Ten-year and Five-year Development Strategies. The CPRGS was approved in May 2002 by the Prime Minister. Fostering rural industries is emphasized in the development of the national economy with a view on employment promotion and improvement of urban and rural incomes. Also promoted is the nurturing of SMEs through linkages with large enterprises, information provision, human resource development, and financial support from banks and other financial institutions. Support for exports will be given through the Export Credit Support Fund and Export Credit Guarantee Fund. The foundation of the Trading Bank was also done along this end. For non-agricultural production, efforts will be done to increase the international competitiveness Vietnamese products particularly its craft items. In sum, these measures are comprehensively aimed at poverty reduction with their emphasis on small to medium-sized enterprises. Other future directions for the cottage and craft industries are likewise mentioned from other standpoints (see Table 3.3.2).

Table 3.3.2 Position of Small and Craft Industries in CPRGS

Chapter	Issue	Small and Craft Industries
Part I Socio-economic Setting, Current Poverty Situation, Achievements and Challenges	Diversified rural sector	The structure of agricultural production in many regions has transformed along the direction of increasing efficiency per unit area used. Tradition of craft villages has been restored.
	SME and craft village development	Along with the development of large-scale industrial establishments, for Government to attach great importance to develop small and medium-sized enterprises and craft villages with a view to creating more employment and raising producers' incomes, etc.
PART II Objectives and Tasks of Socio-economic Development and Poverty Reduction for the Period up to 2005 and 2010	Sustainable environment	Strive to ensure that by 2010 wastewater will be treated and solid waste matter and sewage will be 100% collected at industrial zones, cities, towns and rural craft villages; plan to fix damage done to rivers, lakes, ponds, and canals, etc.
PART III Creation of Environment for Rapid, Sustainable Development and Poverty Reduction	Enterprise support	Extend preferential treatment with respect to investment and credit to small enterprises, individual household businesses, family businesses engaged in processing activities, handicrafts and fine arts.
PART IV Major Policies and Measures to Develop Sectors and Industries to Promote Sustainable Growth and Poverty Reduction	Marketing agricultural products	Continue to support export activities and expansion of export markets for agricultural and forestry products. Study and promulgate, within Vietnam's trade commitments, policies to support production and marketing of a number of agricultural, forestry, and fishery products that have high economic value and have potential to become competitive, that have potential in export and/or import substitution markets, such as: rice, rubber, coffee, tea, raw materials for processing (wood, sugar cane, cotton, mulberry, etc.), shrimp, fish.
	Trade promotion to develop SME	Establish trade promotion centers and centers to support small and medium-sized enterprises at central and local levels.
	Cultural development with national identity	Promote investment, develop culture and information. Build an advanced culture with a strong national identity. Preserve and restore tangible and intangible cultural heritage to serve as foundation for cultural exchanges among communities and regions throughout the nation as well as in the international arena.
	Investment to develop remote, rural, mountainous and ethnic minority areas	Encourage socio-economic associations, communities and even foreigners to invest in cultural promotion and information dissemination at the grassroots level in isolated, remote, rural, mountainous and ethnic minority areas.
	Building commune cultural centers	Focus on building commune cultural centers that can function as meeting venues and leisure areas. By 2005, ensure that all communes have cultural centers (equipped with telephones, libraries, books, newspapers, meeting rooms) that have regular operating hours. The mission of the commune cultural center is to be the home for cultural activities and to provide information and disseminate news about new policies, especially those relevant to the poor.
	Environmental protection of communes	Strengthen education, mobilization, control and supervision over households and concentrated livestock breeding, and over the production process in handicraft villages in order to ensure environmental protection of communes.
	Craft village development to narrow gap among regions	Build small district industrial zones, craft villages to create jobs for idle agricultural labor and increase income for farmers.
	Stabilization and improvement of living standards of ethnic minorities	Provide guidance on how to conduct business, transfer technology and provide information to develop a strongly market-oriented economy and strengthen development of traditional craft villages.
	Education of ethnic minorities	Raise the educational levels of the people. Preserve and build on traditional cultural values of ethnic peoples. Give priority to training and utilizing ethnic cadres at local levels and gradually increase the percentage of ethnic cadres.
	Provision of information to ethnic minorities	Provide information on poverty reduction programs appropriately and in places which ethnic peoples can easily access.

Source: The Comprehensive Poverty Reduction and Growth Strategy - CPRGS

3) Direction of Craft Sector Promotion in Agriculture and Rural Development Policies

- (a) **Basic Policy of MARD:** According to the document titled "Assessment of Current Situation on the Non-Agricultural Sector in the Rural Areas and their Development Towards 2010"¹², promotion of the non-agricultural sector aims to achieve the following objectives: 1) increase the share of industry/craft industry/service in the rural GDP up to 70% by 2010; 2) absorb a 400,000-500,000 labor force per annum through the succeeding years; 3) supply goods and materials in rural areas at reasonable prices; and 4) increase export amount of rural craft industry up to US\$1 billion by 2010.

The rural areas have a lot of livelihoods with long traditions and cultural values. The stable domestic and international markets for Old World art and craft items have been robust. Likewise, renewed interests on traditional interior design and decoration, temple restoration and on souvenirs have increased. With the proper implementation of developmental policies as mentioned below, about 500,000-550,000 rural workers can be employed every year by the craft and the art industries:

- Priority investment in high-quality craft production aimed for tourism and the export market (lacquer paintings, sculpture, embroidery, and lace).
- Marketing to increase international competitiveness and investing in items with quality design and variety.
- Improvement of material quality and introduction of new materials for uniformity and quality improvement of products.
- Introduction of machinery in processing materials and finishing.
- Environmental protection.

Other proposals include putting up of industrial service centers in all districts to renew and strengthen traditional occupations in the craft villages as well as to create new ones, network with internal markets, ensuring government support and strategy in each product market, as well as thorough management and inspection of export products.

- (b) **Prime Minister Decision No.132:** The basic law on craft sector promotion is the "Prime Minister's Decision on Policies to Encourage Development of Rural Trade" (No.132/2000/QD-TTg), passed on 24 November 2000. The decision gives flesh to policies on the development of non-agricultural trade. The law aims to promote a balanced development of rural industries by solving the problems facing rural enterprises and markets (ineffective market mechanism, lack of logistics know-how) and giving special focus on traditional craft production with high export potentials. These problems are as follows:

¹² Source: MARD2000 "Assessment of Current Situation on Non-Agricultural Sector in Rural Areas and its Development Orientation towards 2010"

- Lack of recognition among craftspersons of the large potential of craft production
- Low quality of traditional craft items
- Lack of agreement about the future of craft production promotion among government institutions
- Lack of recognition of government institutions about the need to preserve traditional craft
- Insufficient supporting policies
- Lack of supporting measures for technology and business development

The Government declared six measures, as shown in the table below, for implementation.

Table 3.3.3 Contents of Prime Minister's Decision No.132 (No.132/2000/QĐ-TTg):
"Decision of the Prime Minister on Policies to Encourage the Development of Rural Trades"

<ol style="list-style-type: none">(1) To elaborate plans and lay down the rationale for developing rural trade according to market forces;(2) To adopt policies to encourage the consumption and use of products of rural trade, particularly those made from local and natural materials (timber, rattan, bamboo, leaves, etc.) and limit the adverse impact of industrial, chemical and plastic products and waste materials on the environment.(3) To encourage and create favorable conditions and adopt policies to protect the legitimate interests of craft establishments engaged in rural trade; meet domestic consumption and export demands; attract labor; contribute in reducing and eradicating hunger and poverty; and preserve and promote the nation's culture.(4) To protect property ownership, technological know-how, copyright and industrial property rights.(5) To encourage the setting up of associations of different trades in different localities to develop craft establishments.(6) To encourage and create favorable conditions for organizations and individuals to mobilize social sources providing support, information, marketing, job training, research on technologies, and designs for the development of rural trade.

Source: Prime Minister Decision No. 132

4) Current Laws Related to Craft Sector

- (a) **Legal System in Vietnam:** There are numerous resolutions and regulations related to rural development from different levels and these include those for craft promotion. Regulations or resolutions are proposed based on a higher-ranked resolution or regulation, and they are implemented after approval. Some programs possess a legal system in accordance with prevailing legal decisions (see Table 3.3.4).
- (b) **Related Laws:** Since 1989, the Government has issued regulations and resolutions on domestic investment, export promotion, SME support, rural development and poverty reduction, domestic investment, and export promotion. Although they are also aimed at craft sector promotion, these laws are awaiting

amendments because they are not based on actual conditions of craft workers, distributors and traders. The Government is hastening the formation of highly effective policies on craft promotion to contribute to employment creation, rural economic development and poverty reduction. Several related regulations and resolutions have existed since 1998, but up to now they have not effectively realized policy objectives (see Table 3.3.4).

Table 3.3.4 Legal Documents in Vietnam

Establishing Entity	Category	Contents
National Assembly	Constitution	Constitution
National Assembly	Law	General laws
National Assembly	Resolution	Economy, social plan, policy, etc.
National Assembly (Standing Committee)	Resolution	Guidelines for enforcement, control of legal system, control on government organizations
President	Order	President may delegate drafting power to ministries but has the sole authority to promulgate
President	Decision	Ditto
Government	Resolution	Implementation of specific policies, budget execution, etc.
Government	Decree	Implementation guidelines above
Prime Minister	Decision/ Directive	Orientations of the Government, policies on the management of the Government, specifications of each ministry's functions
Ministry	Decision	Regulations on the organization of each ministry
Ministry	Directive	Management rules for the subordinate organizations
Ministry	Circular	Operational guidelines in respect of the organizations under each ministry

Source: JICA Office, "A Study on Poverty and IT (Socio-cultural factors)"

5) Implementation of Policies on Craft Sector

Numerous measures have already been implemented on craft sector promotion (see Table 3.3.5). Although the central government is implementing craft-related policies from many vantage points such as, industry promotion, cultural preservation, export promotion, and human resource development, inter-agency coordination is still lacking. The only direct policy on craft promotion is the Prime Minister's Decision No. 132, which in itself is not a definitive comprehensive policy that deals with the finer intricacies and detailed characteristics of the sector (e.g. local uniqueness, originality etc.), and its promotional impacts (e.g. tradition preservation, export promotion and environmental preservation). Following the issuance of Decision No. 132, the provincial governments have increased their interests in craft promotion. However, the system is still full of loopholes due to the vague and ambiguous roles of central government¹³ entities.

¹³ Two years have passed since the promulgation of the Prime Minister Decision Number 132. The MARD is at present collecting reviews from related authorities for revision. Many provinces have identified the unclear role of the central government as an issue.

Table 3.3.5 Regulations and Decisions Related to Craft Sector

Issue	Regulation and Decision	Agency	Content and Connection to the Craft Sector
Regional Development	Decision No. 132/2000/QD-TTg of November 24, 2000, on a Number of Policies to Encourage the Development of Rural Trades	MARD	Encourage, create favorable conditions and adopt policies to protect legitimate interests of production and craft establishments engaged in rural trades, especially traditional trades, in order to meet domestic consumption and export demands, attract labor and contribute to generating rural employment, eradicate hunger and reduce poverty, preserve and promote the nation's cultural values.
	Decision No. 132/2001/QD-TTg, of September 7, 2001, on Financial Mechanisms to Implement Programs on Developing Rural Roads, Infrastructure for Aquaculture and Infrastructure in Rural Craft Villages	MOF	Provide financial support for infrastructure development in craft villages in rural areas. Provide priority loans at 0% interest rates. Support MPI programs using State Development Assistance Fund. MOT, MARD and MOAR shall provide guidance and cooperate with provincial governments and centrally run cities.
Poverty Alleviation	Decision No. 143/2001/QD-TTg of September 27, 2001, Approving the National Target Program on Hunger Elimination, Poverty Alleviation and Employment in 2001-2005	MOLISA	Reduce the percentage of poor households to below 10%, or 1.5-2% per year on average (about 280,000-300,000 HH/year). Create jobs for 1.4-1.5 million people each year. MARD shall elaborate policies in support of poor people in terms of working tools and production land.
	Decision No. 138/2000/QD-TTg of November 29, 2000, on the Integration of the Segmentation Project, Project in Support of Ethnic Minority People with Special Difficulties, and Program on Building Centers in Mountainous and Highland Commune Clusters, into the Program on Socio-economic Development of Mountainous, Rural and Remote Communes Having Great Difficulties	CEMMA ¹ , MPI, MOF, MOLISA, MARD	Support investment socio-economic program in mountainous, rural and remote communes facing great difficulties. The program shall be composed of 1) building infrastructure, 2) building the centers of mountainous and highland commune clusters, 3) planning relocation of population in necessary places, 4) stabilization and development of agricultural and forestry production in association with processing and consumption of products, and 5) training of commune, village and hamlet cadres.
Investment Promotion	Law No.3/1998/QH10 of May 20, 1998, on Domestic Investment Promotion (amended)	Vietnam Gov'ts	Projects on investment in the fields of afforestation, infrastructure construction, training, cultural preservation, production of and trading in export goods, scientific and technological research, etc. shall be prioritized.
	Decree No. 51/1999/ND-CP of July 8, 1999, Detailing Implementation of Law No. 03/1998/QH10 on Domestic Investment Promotion (amended)	MPI	Detailed regulation on the Law on Domestic Investment Promotion ²⁾
Export Promotion	Decision No. 195/1999/QD-TTg by Prime Minister on Establishment, Use and Management of Export Support Fund	MoT	Provision of financial support for enterprises to encourage them to develop the export business, search for and expand markets, and raise the competitiveness of Vietnam's export goods. Qualified enterprises include those engaged in import and export (mainly of agricultural products), those producing goods directly for export and other enterprises as decided by the Prime Minister.
	Decision No. 46/2001/QD-TTg of April 4, 2001, on the Management of Exported and Imported Goods in 2001-2005	MoT	Provisions of the Commercial Law regarding export, import, processing of goods. State encourages export of assorted wood products with high processing content. MOF shall improve tax policy to encourage production and export of these products. Checking the origin of wood products for domestic consumption and export must be conducted right at the production establishments according to MARD regulations. Importing timber from countries bordering Vietnam shall comply with the Prime Minister's and the MoT's regulations.
SME Promotion	Decree No. 90/2001/ND-CP of November 23, 2001, on Support for Development of Small and Medium-sized Enterprises	MPI	SMEs to enjoy preferential treatment regarding land lease, transfer and mortgage, and land use rights. Establishes Department of SME Development under MPI.
	Decree No. 02/2000/ND-CP of February 3, 2000, on Business Registration	MPI	Provisions regarding business registration for enterprises operating under the Law on Enterprises. Households engaged in agriculture, forestry, fishery, and/or salt making, and street vendors and service providers with low incomes need not register their businesses.

Source: Official Gazette

1) Committee for Ethnic Minorities (CEM)

2) Prime Minister's Decision No. 132 says, "Rural craft establishments shall enjoy investment preferences under the Government's Decree No 51/ND-CP of July 8, 1999, detailing the implementation of Domestic Investment Promotion Law (amended) No.03/1998/QH10."

Table 3.3.6 Responsibilities of Government Agencies and Other Organizations

		Governmental Agencies													Others	
		Central													Prov'l	VCA
		MPI	MARD	MOI	MOCI	MOT	MOLISA	MOET	MOH	MOF	MOST	MONRE	MOT	MOC	PC	
Policies by Sector	Rural development		A				B	B	B			B	B			
	Socio-economic development	A	B	A	B	B				B	B					
	Cultural preservation		B		A			B								
	Export promotion			B		A				B						
	Social Environment		B				B		B			B	B	B		
	Science and technology			B				B			A					
Policies on Rural Trade Development (Dec. 132)	Land									B					A	
	Raw material		A													
	Investment and credit									A					B	
	Tax and fees		B							B			B			
	Consumption information and markets					A				B					A	
	Science, technology and environment										A					
	Preservation of tradition		A		B											B
	Designation of skilled labor		A				B									B
	Infrastructure building		B										A		A	
	Support association		A				B									B
	Vocational training		A												A	
	Tax privilege					A					B					

Source: JICA Study Team

Notes: "A" refers to primarily responsible institutions, and "B" to related institutions.

6) MARD's Industry Expansion Program

From 1999, DAFPPRI has provided "Industry Extension Program" under the Decision of the Government. The program is funded by MARD budget allocated by MOF. The program components are as follows:

- i) Formulation of industrial extension schemes (apart from crafts, rural industries include agricultural product processing, mechanics, irrigations, etc.)
- ii) Conduct training courses: in 2002: 6 classes on embroideries using 90 million dong; in 2001, 4 classes on embroideries using 60 million dong

Table 3.3.7 MARD's Industry Expansion Program

Year	No. of Programs	Funds (VND mil.)	Craft items
1998	2	100	Rush mats, conical hats,
1999	9	374	Embroidery, brocade, bamboo inlaying, stones, wood carving
2000	10	480	Rush mats, embroidery, woolen carpets, rattan and bamboo, linen weaving
2001	14	886	Rush mats, embroidery, linen weaving, bone and horn, stone, wood, silk weaving
2002	11	894	Rush mats, embroidery, weaving, brocade, rattan and bamboo, wood, silk
Total	46	2,734	

Source: JICA Study Team

7) Provincial Industry Expansion Programs

The programs are funded by provincial budgets, managed by DOI in collaboration with DOF.

For instance in Ha Tay, during 1999-2000, the industry extension program was funded VND 1 billion each year, which increased to VND 1.5 billion, starting from 2001. The fund was mostly (two-thirds of the annual amount) spent on training activities in craft-free villages and communes. During the period 2001 – 2002, the province was able to open 405 production-training classes for 21,500 attendants. Besides, two management-training classes were also conducted for more than 300 entrepreneurs and individuals. Furthermore, industry extension program was also to promote craft and craft village development. In fact, 23 traditional craft villages have been revived and 10 craft associations have been established in craft villages (wood carving, silk, forging, embroidery, and so on). Support was also given to development of craft clusters.

In Quang Nam, fund for industry extension program varied between VND 1.2 and VND 1.5 billion, from which some VND 1 billion was given to district governments (to open training classes). Industry extension fund also helped revive traditional crafts and craft villages and support enterprises to participate in trade fairs and exhibitions. In particular, Quang Nam granted VND 1 billion for 8 districts and 2 towns to conduct training courses (VND 470 million), expand consumption markets (VND 120 million) and attract investments into craft clusters (VND 410 million).

3.3.3 Measures by Provincial Governments

1) Provincial Level Administration of Craft Sector

Craft promotion is a new political issue for most provinces. Like the predicament with the central government, the organizational framework on craft promotion is not unified at the provincial level. While the MOI¹⁴ is in charge of light and heavy industries, industrial size is smaller in the rural areas and mainly consists of craft production. The MOI and the Department of Industry have therefore been handling policy making on the craft industry, as well as craft village research, technology training and production, and technology improvement programs. Since the integration of the Ministry of Heavy Industries and the Ministry of Light industries, the DOI has maintained its support of the craft industry even in the absence of the MOI.

According to Decree 73-CP of 1 November 1995, MARD was established from 3 ministries. One of the set tasks of MARD is to “carry out cultivation, processing of agricultural and forest products and development of rural businesses and occupations”. Based on this Decree, DAFPPRI (Department for Agro-Forestry and Food Processing Products and Rural Industries) was established in 1996, in accordance with Decision 352-TTg of 28 May 1996 by the Prime Minister. One of the responsibilities of the department is rural industry management. Decision 132/2000/QD-TTg clearly authorizes official administration responsibility on rural industry to MARD.

However, not DARD but DOI is in charge of rural industries in many provinces. This overlapping function has kept several policies at DARD from coming to DOI.

2) Craft Promotion Measures at Provincial Level

The Provincial People’s Committee has expressed great interest in craft promotion, with many provinces creating their versions of a “Local Industry Promotion Master Plan¹⁵”. Many provinces have set up a committee to create a maser plan together with the DOI, the DARD and other related departments as members and led by the Provincial People’s Committee. In the Red River delta where craft promotion is active and is considered a primary policy goal, a policy framework is being developed led by the Provincial PC and the DOI. On the other hand, in the mountainous regions where craft promotion is not as active, and there are no policies with promotion as its end-goal, interest in craft promotion has been remarkably high particularly on craft coordination, agricultural village development, material supply and tourism development plans (see Table 3.3.8).

¹⁴ Related ministries were integrated; the former Ministry of Agriculture and Food Industry, Ministry of Forest and Ministry of Water Facility were merged into the present Ministry of Agriculture and Rural Development. The former Ministry of Heavy Industry, Ministry of Energy and Ministry of Light Industry were integrated to form the present Ministry of Industry.

¹⁵ Master plan aiming at industrialization and modernization through the promotion of construction materials and agricultural processed products. Generally called the “Master Plan for Rural Industry Development” or “Craft Village Development Master Plan”.

Table 3.3.8 Examples of Craft Promotion by Province

Province	Department	Plans and Activities
Ha Tay	DOI	DOI is in charge of craft sector promotion in Ha Tay, which has prepared the criteria of selection for craft villages and specified the responsibilities of craft villages and support measures to develop craft production. Based on the selection criteria, Ha Tay listed 40 craft villages in March 2001 and 80 villages in November 2001. Ha Tay has initiated its own surveys on the situation of craft activities such as the number of villages engaged in craft production and amount of revenues from craft production since 1996. Based on this background, the province has started a plan for setting up a Craft Industrial Zone and a website on craft, although it is still in the early stage. Ha Tay has initiated its own craft sector promotion policy, giving the sector the central role of industrial development in the province.
Thai Binh	DOI	<p>The history of Thai Binh's engagement with craft sector promotion started only in 2001. In April 2001, the province passed a resolution establishing the Industry Promotion Fund to promote industrialization and light industries in the province including traditional craft production. The province's annual budget is to be allocated as the source for the Fund. The fund money will be spent on assisting project preparation, facilitating survey and formulation of plans for industry and craft village development, support for technology transfer and development of rural labor-intensive industries, support for commercial promotion, support for consulting organization, and provision of some finance for introduction of new production technology.</p> <p>In June 2001, the resolution of the Thai Binh Province Party Committee on craft and craft village promotion was determined and policies for the promotion measures were chosen. They are: encouraging all economic sectors and entities with capital and experience on business administration and management to invest in developing crafts and craft villages; gathering measures to penetrate and expand new markets, both domestic and overseas for craft villages' products; enhancing job training; promoting development of cooperatives, private enterprises and limited companies; encouraging investment in production technology; integrating craft villages and tourism; and paying attention to environmental protection measures for craft villages.</p> <p>In September 2001, the Regulation on Promotion of Crafts and Craft Villages was decided. Its supporting measures include capital incentives and investment support; land for intensive production; tax incentives; provision of and search for market information including the establishment of trade promotion centers; support for technology; environment and infrastructure; and promotion and training crafts by master artisans. A report on existing environmental conditions in craft villages in Thai Binh and countermeasures for four seriously polluted craft villages were also prepared.</p> <p>In addition to the above regulations and proposals, the provincial budget to stimulate industrial capital including support for craft villages was decided and, in July 2002, the Regulation on Investment Promotion in Thai Binh was issued. The positive and comprehensive policy implementation for the promotion of crafts and craft villages by the People's Committee and DOI in Thai Binh is outstanding. Successful results are expected.</p>
Ninh Binh	DARD	<p>Ninh Binh has specified rush products as its priority product. It encourages rush production aiming for 1,500ha of rush production by 2010 and providing VND 2 million to farmers who shift to rush production. DARD utilizes MARD budget for three months of training sessions for technical workers.</p> <p>Ninh Binh considers tourism as its priority in the promotion of crafts, since it is close to Hanoi and there exist traditional crafts such as embroidery. It plans to set up a Craft Development Center, where training of workers by master artisans and on the production and sales of products can be conducted. The site of the Craft Development Center is 8.5ha based on Decision No.132 covers six districts and two villages of Ninh Binh. The province has currently proposed to the Government for budget support including recognition of three months of training courses for workers and support for exhibitions.</p>
Thua Thien-Hue	DARD	<p>DARD utilizes MARD budget for three months of training sessions for technical workers.</p> <p>The provincial government supports 50% of transportation cost for the export of crafts.</p> <p>Thua Thien-Hue and the Bank of Agricultural and Rural Development provide low-interest loans to private enterprises. The maximum loanable amount is VND 10 million at 0.7% interest rate per month without any collateral. Loans are guaranteed by the province.</p>
Lai Chau	DARD	<p>Tourism development is being promoted with a central focus on Dien Bien Phu, center of the province. Provincial authorities are interested in craft development linked with tourism. DARD aims to develop craft sector in a comprehensive and sustainable manner to include issues of ethnic minorities and the condition of remote, mountainous areas.</p> <p>A craft development project on raw material supply (rattan and bamboo) has been proposed to the Government.</p>

Source: JICA Study Team

3) Impact of Prime Minister’s Decision No. 132 on Provincial Governments

The Prime Minister’s Decision No. 132 has further created an anticipatory air on the Government’s conduct of craft promotion. Its ambiguous provisions have only whetted the provincial governments’ desire to conduct their own policy goals and programs. Although policy and guidance are circulated by the central government, detailed and specific measures are not properly fleshed out. And this creates issues like the hampering of provincial initiative, each province going its own way and conducting its own practices. This in turn exacerbates the dilemma on the general lack of coordination and poor collaborative efforts at the national and local levels.

In September 2003, a follow-up survey was conducted and a questionnaire was sent to all 61 provinces to help clear the air on contentious points and define issues (see Table 3.3.9).

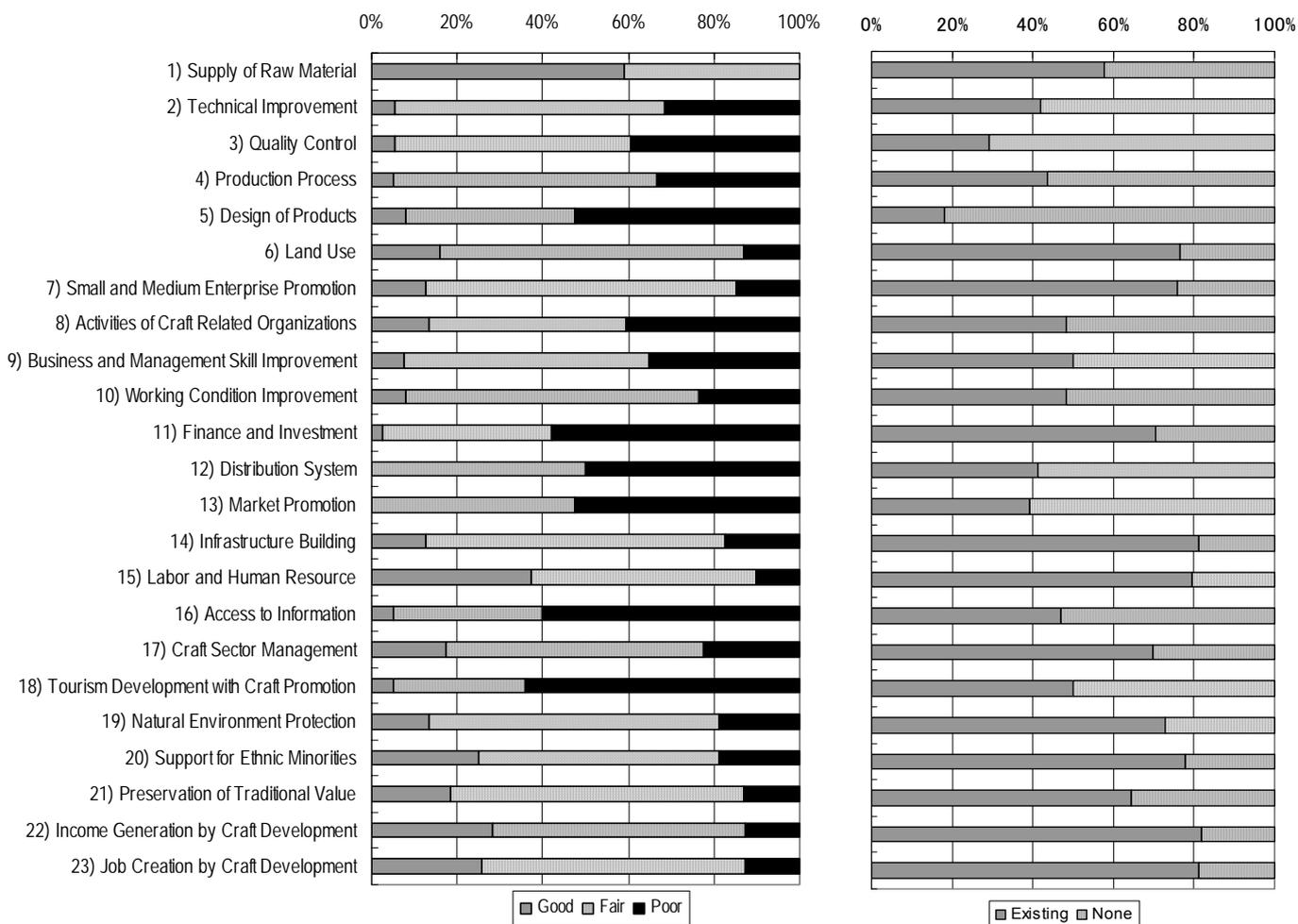
Table 3.3.9 Contents of Provincial Follow-up Questionnaire

(1) Current Issues of Craft Sector	<ul style="list-style-type: none"> • Evaluation of major craft items to be promoted by province (raw materials, production, distribution, marketing) • Definition of craft villages and traditional craft villages by province • Representative craft villages and traditional craft villages (name of items, reasons for promotion) • Master artisan (definition, conditions, name of master artisans) • Raw material supply (name of items, sources, with or without strategy) • Training (activities of vocational school) • Museums (craft items display condition) • Organizations promoting craft (name of organizations, activities, evaluation)
(2) Objectives of Craft Development	<ul style="list-style-type: none"> • Importance of craft sector in socio-economic development • Numerical indicators for craft sector development
(3) Craft Sector Management	<ul style="list-style-type: none"> • Craft management organization at provincial level (present status, future) • Plans and strategies for craft sector management (socio-economic development plan, rural industry development master plan) • Policies on craft sector (evaluation of both central and provincial government policies, evaluation and measures of craft sector issues) • Achievement and impact of Decision 132/2000/QD-TTg by Prime Minister

Source: Follow-up Survey of Provincial Governments, 2003

Survey results showed that many provincial governments felt that appropriate measures have been taken on items such as “supply of raw materials”, “land use”, “small and medium-sized enterprise promotion”, out of the other major issues in the craft sector. However, items such as, “design of products”, “finance and investment”, “distribution system”, “market promotion”, and “tourism development with craft promotion” were considered poor and weak. This indicated that measures and assistance on marketing, among other things, were insufficient.

Figure 3.3.2 Evaluation and Countermeasures by Craft Sector Issue



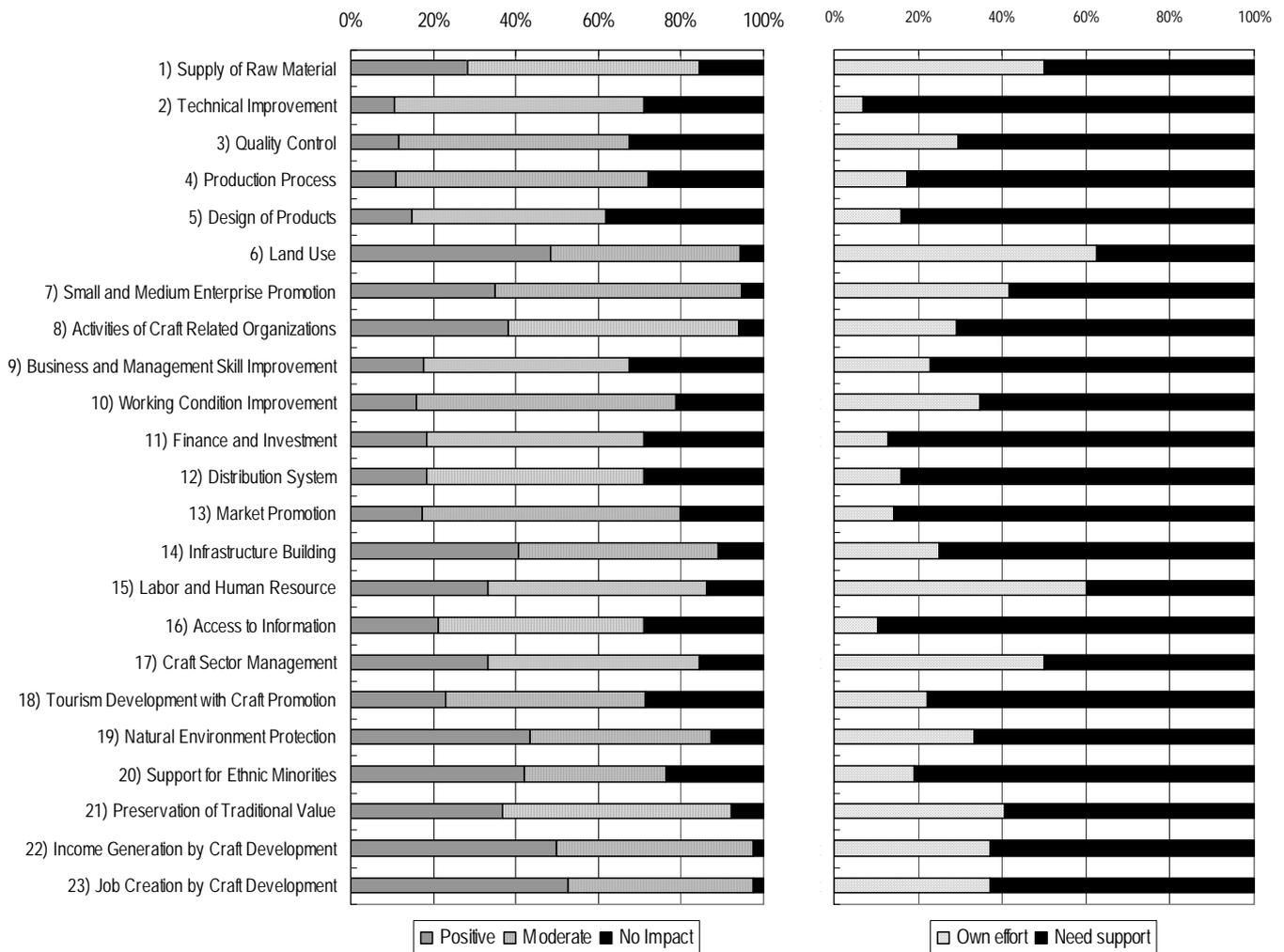
Source: Follow-up Survey of Provincial Governments, 2003

Half of the provinces felt that Prime Minister’s Decision No. 132 and other craft promotion-related policies made positive impacts on overall craft promotion, specifically on “income generation by craft development” and “job creation by craft development” (see Figure 3.3.3). In other words, it made a mark on the provincial governments’ awareness of craft promotion and contributed in generating more income and jobs in rural areas.

Additionally, issues related on industry promotion such as “land use”, “small and medium-sized enterprise promotion”, “activities of craft-related organizations”, etc. were considered to have improved to a certain point, buttressing the fact that it is one of the rural industries that contributes to rural industrialization and modernization. Furthermore, other issues or items such as “tourism development with craft promotion”, “natural environment with craft promotion”, “support for ethnic minorities”, etc. were also considered to have improved in many provinces. Apart from these, the recognition of the importance of rural development, conservation of traditions and so forth is considered to be another achievement of Prime Minister’s Decision No. 132.

On the other hand, issues that did not improve after the promulgation of Decision No. 132 were related to craft production and market improvement such as “design of products”, “quality control”, “technical improvement”, “business and management skills improvement”, etc. In other words, it indicates that no specific measures were adopted for enterprises and craft villages where the production sites are.

Figure 3.3.3 Impact of Decision 132/2000/QD-TTG and Future Action

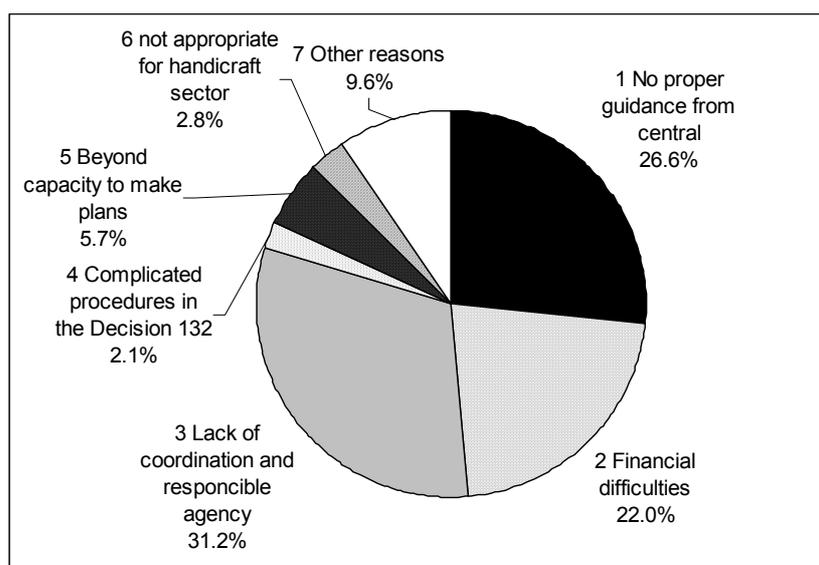


Source: Follow-up Survey of Provincial Governments, 2003

Most prominent reason for difficulties in making progress was the “lack of coordination among related and responsible agencies and wherein the agency in charge is not identified” (see Figure 3.3.4, Table 3.3.9). In-charge agencies, in fact, differed by province (see Figure 3.3.11). Two agencies, the DOI and the DARD, are considered the lead ones by nearly half of the provinces, which also considered that they collaborated, cooperated and coordinated well between themselves. Another issue was that a one-window system was not established well due to the absence of a uniform department at provincial level to receive guidance from the central government.

“No proper guidance from the central government” and “financial difficulties to implement such policies/to support such activities”, etc. were raised as reasons for difficulties in issues that relate to craft production, sales, production process, distribution, market cultivation, etc. (see Figure 3.3.4). In other words, with respect to issues on production, distribution and sales, no improvement was made at actual production sites and markets the reason being that Decision No. 132 does not state specific measures to make improvements.

Figure 3.3.4 Reasons for Lack of Positive Impact of Prime Minister’s Decision No. 132



Source: Follow-up Survey of Provincial Governments, 2003

Table 3.3.10 Responsible Agencies for Craft Sector Management at Provincial Level

Provincial Government Agency	Number of Provinces and Example	
DOI and DARD	19	Quang Nam
PPC and DARD	5	Lai Chau, Binh Dinh
DOI	8	An Giang
DARD	5	Can Tho
PPC and DOI	1	
PPC, DOI and District Commune PC	1	Ha Tay
DOI and District Commune PC	1	Thai Binh
DARD and VCA	1	
DARD and DOLISA	1	

Source: Follow-up Survey of Provincial Governments, 2003

As described, the level of consciousness of craft promotion was raised among provincial governments, and positive results, such as income increase and job creation in rural areas, were brought about by the promulgation of Prime Minister’s Decision No. 132. However, no specific guidance was provided for each craft sector issue. Also, the lead agency for craft promotion at the provincial level is not uniform among provinces, and cooperation and linkage among departments are not coordinated well. Efforts on craft promotion are thus not efficient under present circumstances (see Table 3.3.11).

Table 3.3.11 Reasons for Lack of Positive Impact of Prime Minister's Decision No. 132 by
Craft Sector Issue

Reason	Main Policy Issue																						
	1) Supply of material	2) Technical improvement	3) Quality control	4) Production process	5) Design of products	6) Land use	7) Small & medium enterprise promotion	8) Activities of craft related organizations	9) Business management skill improvement	10) Working condition improvement	11) Finance and investment	12) Distribution system	13) Market promotion	14) Infrastructure building	15) Labor and human resource	16) Access to information	17) Craft sector management	18) Tourism development	19) Natural environment protection	20) Support for ethnic minorities	21) Preservation of traditional value	22) Income generation	23) Job creation
1. No proper guidance from central government	3	5	7	6	5	1	2	1	7	4	8	4	2	2	1	1	2	3	3	4	2	1	1
2. Financial difficulties to implement policies / to support activities	2	5	3	5	7	1	0	0	3	5	7	7	2	1	0	3	1	3	2	4	1	0	0
3. Lack of coordination among related agencies / responsible agency to be in charge is not identified	5	4	7	4	7	1	2	1	5	2	5	8	5	3	2	5	4	6	4	4	2	1	1
4. Complicated procedures to follow instruction / guidance made in Decision 132	1	1	0	0	0	0	0	0	0	0	2	1	0	0	0	0	0	0	0	1	0	0	0
5. Beyond capacity to make plans without technical support by others	1	1	2	1	3	0	0	0	0	1	1	0	1	0	0	2	1	2	0	0	0	0	0
6. Policies and guidance suggested are not appropriate for handicraft sector	1	0	2	0	1	0	0	0	1	0	0	1	1	0	0	1	0	0	0	0	0	0	0
7. Other reasons	1	1	1	1	3	1	1	1	1	1	1	1	1	1	1	1	1	1	1	3	1	1	1
Total	14	17	22	17	26	4	5	3	17	13	24	22	12	7	4	13	9	15	10	16	6	3	0

Source: Follow-up Survey of Provincial Governments, 2003

3.3.4 Donor and NGO Support

1) Donor and NGO Support for Rural Development

In Vietnam, cooperation with related donors is vital for the effective implementation of projects and programs. Partnerships between government agencies and related donors have been functioning generally well. Aside from the traditional thrust of poverty alleviation, many donors and NGOs have shown interest in areas like agricultural villages. Despite the large number of programs by support agencies and NGOs for industrialization and non-agricultural industries, support activities on craft items have been relatively small in size and number. Also, donors' priorities have mostly been channeled on environmental preservation, cultural preservation or industry promotion instead of direct or actual support for craft production. Craft production has generally been considered a related subject.

2) Craft-related Activities of Donors and NGOs

Although the number of support activities aimed at craft promotion is small, they are steadily increasing especially for agricultural villages and mountain areas. International NGOs have actually initiated ground support on agricultural development with the Women's Union acting as their counterpart, implementing support projects mainly for the improvement of welfare of women and ethnic minorities (see Table 3.3.12).

Table 3.3.12 Craft Promotion-related Activities by NGO

	NGO	Activity
Activities on Craft Production	Craft Link	Locally trains craftspersons on design and quality improvements and directly buys products to sell in Hanoi. Tourists and foreigners are main customers. It is the only organization in Vietnam that signed up for the International Association of Fair Trade (IFAT).
	Mai Handicraft	Teaches craft production to street children and women with low incomes around HCMC and sells products in retail stores or through foreign NGOs.
	Handicraft Research and Promotion Center (HRPC)	Collaborating with international NGOs and governmental agencies such as Vietrade, provide technical training in craft villages and conduct various field surveys. Develop original craft items for export such as bamboo charcoals and bamboo vinegar water.
	CARE International	Concentrates on health and medical aspects. Provides micro credit and introduces a savings program for women. Has experience in implementing craft production and supports the Khmer minorities in An Giang.
	OXFAM Hong Kong	Provides training on technology, design development, and marketing. Assists in broadening distribution channels for textile products produced in its project in Hoa Cu Commune, Lang Son. Women's Union is its counterpart.
Related Activities	Japan UNESCO Association	Establishes community learning centers throughout the world. Promotes youth literacy in Lai Chau through a development project of JICA. Literacy education, apiculture projects, training for income increase ¹⁾ and health and sanitary training.
	The World Conservation Union (IUCN)	Implements projects on such issues as sustainable development, forest preservation, ecotourism, improvement of living standard, and women issues.

Source: JICA Study Team

1) In Pilot Project 7: Strengthening of Management Capacity of Ethnic Minority Craft Villages, a learning center in Tua Thua district in Lai Chau was offered to be the venue for training programs for ethnic minorities on craft production/management conducted with Craft Link, a local NGO.

3) Programs and Related Studies on Industry Promotion

Since the craft industry is not only related to rural area promotion but also linked to industry promotion (i.e. cluster development, or small to medium-sized enterprise promotion, financial assistance in rural area, design promotion, etc.) the impact of its inclusion in relevant support programs is large. As a result, several international institutions have implemented projects and studies that include the craft sector as one of the local industries for industrial promotion (see Table 3.3.13).

In addition, design experts from the Japan Design Foundation have been dispatched to the MOI to assist in design-related projects by the JICA, exhibition plans by the JETRO, etc.¹⁶ As part of the technical assistance, design experts have been sent from the ASEAN-Japan Centre to provide guidance in design and marketing. Recently, under the joint auspices of the Industrial Design Promotion Association, the Good Design Award Prize/ASEAN Design Selection is being

¹⁶ JETRO has a local production area matching project called "Local to Local", which aims to find new possibilities in industrial development through technical exchanges, exhibitions, etc. But this has not been implemented in Vietnam yet. In 2003, as part of a JETRO study, products were developed using a combination of bamboo and lacquer – Vietnamese bamboo as core material and Japanese lacquer as finishing. Such effort is, however, found only at private enterprise level. The number of overseas private enterprises placing orders at craft villages and enterprises nearby Hanoi and HCMC is increasing.

conducted in various Asian countries including Vietnam to introduce Asian crafts to Japan.

Table 3.3.13 Projects and Studies Related to Craft Sector by International Organizations

Implementing Party	Name	Project Description
GTZ-VCA	Small and medium-sized enterprise promotion project ¹⁾	Strengthening management of small and medium-sized enterprises by providing business management trainings for small and medium-sized enterprise managers and consulting/ information services, building a BDS provider network, developing IT, etc. With GTZ's assistance, VCA is taking a lead role and BDS providers like BPSC, STAMEQ, VCCI, etc. are implementing the activities. Recent example: Cluster development for small and medium-sized enterprise promotion by GTZ-VCCI, etc.
ILO-VCCI	Start and Improve Your Business (SIYB) Program ²⁾	Providing necessary training for starting and developing small businesses, providing learning materials, fostering trainers, etc. ILO implements this program in various countries and in the case of Vietnam, program is conducted with the cooperation of VCCI and SMEPC.
World Bank (WB)	Rural Finance Project ³⁾	Providing micro credit through the Rural Development Fund, strengthening the capacity of Vietnam Development Investment Bank. Currently conducting Phase 2 (From 2002 to 2008).
Asian Development Bank (ADB)	Rural Enterprise Finance Project ⁴⁾	Providing medium- and long-term credit to micro and small rural enterprises, strengthening the operations of the Vietnam Bank for Agriculture and Rural Development, and of the Central People's Credit Fund. (From 2000 to 2006)
Japan International Cooperation Agency (JICA)	Small and medium-sized enterprises promotion plan	Formulating master plan and action plans on small and medium-sized enterprise promotion (including organization, legislation/institutions, financial measures). (From 1998 to 1999)
Japan Bank for International Cooperation (JBIC)	Agriculture and rural areas development sector study	Identifying main issues in agricultural sector and rural area development; conducting survey of rural finance, micro finance, etc.; recommending future assistance measures for the sector. Completed in 2003.
United Nations Industrial Development Organization (UNIDO) ⁵⁾	Preservation of traditional culture, tourism and rural development in regional cities study	Providing integrated development measures for preservation of traditional culture, tourism development and rural development. Completed in 1995.
	Traditional arts craft village creation plan	Formulating traditional craft village establishment plan in Ninh Binh province. Completed in 1996.
	Northern mountainous ethnic minorities' traditional craft industry study	Conducting survey on traditional crafts of ethnic minorities in northern mountainous areas; recommending conservation techniques, quality improvement and market development. Completed in 1999.

Source: JICA Study Team

1) Refer to <http://www.smenet.com.vn/English/smevietnam/PromotionProgrammes.asp>

2) Refer to http://www.siyb.org.vn/english/pro_des.html

3) Refer to <http://www4.worldbank.org/sprojects/Project.asp?pid=P072601>

4) Refer to <http://www.adb.org/Documents/News/2000/pi2000147.asp>

5) UNIDO emphasized small and medium-sized enterprises, including those in the craft sector, in rural areas.

4) Necessity of Coordination between Donors and NGOs

Craft making is a traditional local industry in the rural areas that remarkably contributes to rural development. Craft promotion must be included especially in rural and agricultural projects. Coordination with other projects supporting women and ethnic minorities, on environmental projects and cultural/traditional preservation¹⁸ are strongly recommended.

3.3.5 Issues in Craft Sector Management

As stated earlier, although policies exist, the development of the craft sector has not been systematic due to factors like: lack of coordination among the central, provincial and local governments; little opportunity for information exchange; or lack of relevant agencies handling promotion. The basic issues that await systematic solutions are as follows:

- (a) Policy proposals and supporting plans are inefficient due to the absence of a single responsible central government agency and the vagueness of responsibilities of agencies.
- (b) Roles for local industry promotion overlap between the MARD and the MOI because classification of craft items and industry products is unclear.
- (c) Although relevant agencies for small to medium-sized enterprise promotion are sufficient, such as the MPI, the MOI and the VCCI, small to medium-sized enterprises in the craft sector still has less opportunity of receiving support.
- (d) The various policies on production, distribution, sales, and export are not unified since the central government entities handling industry promotion and trade promotion are separate. Coordination between the MOI and the MOT is yet to be established.¹⁹
- (e) There is insufficient coordination between the Department of Culture and Information, which is responsible for tradition/cultural preservation, and the museums, because the latter are under a different institution, hence information flow and exchange are not unified.
- (f) Although various government agencies are involved in providing technology training to craft workers, the management of vocational schools has not been streamlined or harmonized, and curricula related to craft production remain limited.

¹⁸ United Nations Educational, Scientific and Cultural Organization (UNESCO) is considering implementing a conservation project on intangible cultural treasures.

¹⁹ Japan's Ministry of Economy, Trade and Industry and Indonesia's Ministry of SME and Cooperatives are promoting craft from the viewpoint of industry promotion. In Thailand, the Ministry of Industry and the Ministry of Trade are responsible for craft promotion from the viewpoint of industry and technology development, and export promotion, respectively, as in the case of Vietnam.

- (g) There is not much improvement, if any, since government policies are neither implemented in the craft villages themselves nor benefited craft workers.
- (h) Craft associations are not active, and are oriented more toward the fine arts. Their supporting activities do not directly lead to industry promotion such as product development and export promotion.

Although the MARD is to be responsible for agricultural development and promotion of rural industries according to Prime Minister Decision No. 132, it is necessary to view policies on craft promotion not merely from the perspective of achieving industrialization, but from the broader perspective of preservation of traditional culture or export promotion. Therefore, it is necessary to take a comprehensive stance on the issues surrounding Vietnamese craft industry and its socio-cultural aspects to arrive at concrete policies that will benefit not only the central or provincial governments, but also the rural areas.

The establishment of a fine coordinative mechanism and smooth cooperation through a dynamic information exchange, as well as the clarification of roles are issues for the central government to address. To accomplish this, it must first clarify the definition and role of craft promotion, decide on development objectives, and properly divide roles and functions. If cross-section activities and information exchange are necessary, it is desirable to find an institution specializing in craft to provide guidance and support. At central government level, role sharing and coordination between the MARD, as designated by Prime Minister's Decision No. 132, and the Department of Local Industries established in July 2003 should be clear as this is an important factor in effectively carrying out craft promotion and sector management.

The basic role of administrative organizations is to establish both soft and hard foundations (legal development, infrastructure development, information provision, natural environment, human resource development) for revitalizing the actual stakeholders in the craft industry, such as craft enterprises, craft villages, craftspersons, and workers involved in production and distribution, as well as for constructing an effective support system for cooperation among NGOs, non-profit organizations and interested donors.

4. CURRENT CONDITIONS AND ISSUES IN CRAFT VILLAGES

4.1 Study Methodology

Current conditions in the craft villages and the issues they face were analyzed based on field studies and the results of the mapping survey. Analysis were made on the following five areas: (1) distribution and scale of the craft villages; (2) socio-economic condition; (3) labor force; (4) access to information and markets; and (5) problems. The analysis was augmented by the Study Team's own observations, the interviews it conducted during the research process, and other information collected from the pilot projects.

4.2 Distribution and Scale of Craft Villages

1) Distribution by Region

The mapping survey revealed that bamboo and rattan craft villages were the most numerous among the 11 target craft items, amounting to 713 villages or 24.0% of the overall figure. It was followed by weaving, with 432 villages or 14.5%; wood craft, with 342 villages or 11.5%; and embroidery, with 341 villages or 11.5%. The percentages showed that bamboo and rattan villages were widely distributed nationwide.

Table 4.2.1 Number of Craft Villages by Region and Craft

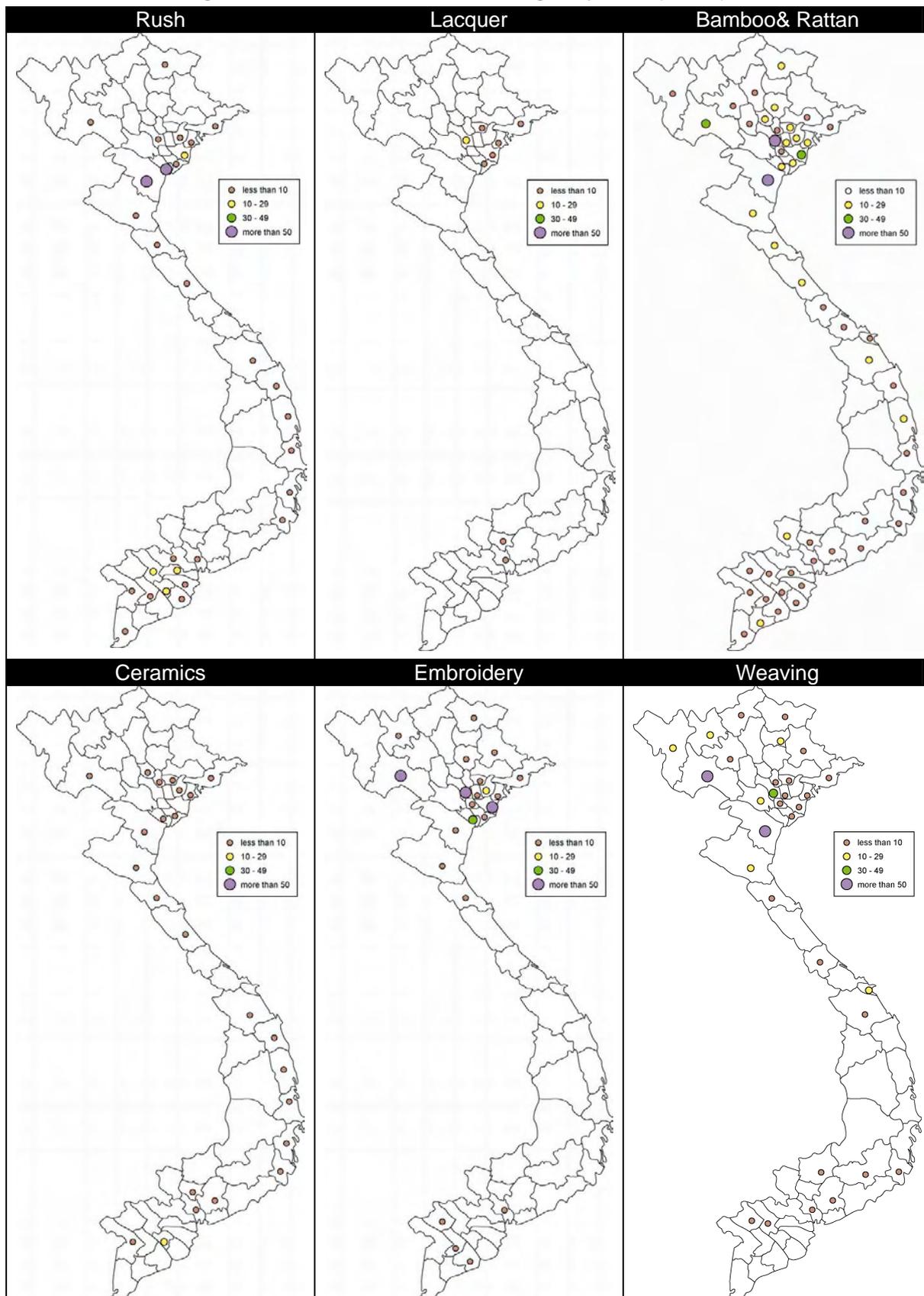
Region	No. of Craft Villages	Craft Items												Total	
		Rush	Lac-quer	Bamboo & Rattan	Cera-mics	Embroidery	Weaving	Wood	Stone Carving	Paper	Wood-block Printing	Metal-work	Others ²⁾		
Red River Delta (9) ¹⁾	No.	866	108	26	337	7	225	67	182	9	2	3	108	294	1,368
	%	42.9	38.4	83.9	47.3	11.5	66.0	15.5	53.2	20.0	25.0	75.0	52.9	57.8	46.0
Northeast (13) ¹⁾	No.	164	5	2	77	4	12	42	20	6	3	1	19	28	219
	%	8.1	1.8	6.5	10.8	6.6	3.5	9.7	5.8	13.3	37.5	25.0	9.3	5.5	7.4
Northwest (3) ¹⁾	No.	247	1	0	45	1	81	222	24	0	0	0	16	26	416
	%	12.2	0.4	0.0	6.3	1.6	23.8	51.4	7.0	0.0	0.0	0.0	7.8	5.1	14.0
Northern Central Coast (6) ¹⁾	No.	341	72	0	121	15	15	74	61	25	3	0	31	60	477
	%	16.9	25.6	0.0	17.0	24.6	4.4	17.1	17.8	55.6	37.5	0.0	15.2	11.8	16.1
Southern Central Coast (6) ¹⁾	No.	87	22	0	34	11	0	5	5	1	0	0	9	13	100
	%	4.3	7.8	0.0	4.8	18.0	0.0	1.2	1.5	2.2	0.0	0.0	4.4	2.6	3.4
Central Highlands (3) ¹⁾	No.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Northeastern South (9) ¹⁾	No.	101	6	3	26	12	2	11	17	2	0	0	6	34	119
	%	5.0	2.1	9.7	3.6	19.7	0.6	2.5	5.0	4.4	0.0	0.0	2.9	6.7	4.0
Mekong Delta (12) ¹⁾	No.	211	67	0	73	11	6	11	33	2	0	0	15	54	272
	%	10.5	23.8	0.0	10.2	18.0	1.8	2.5	9.6	4.4	0.0	0.0	7.4	10.6	9.2
Total	No.	2,017	281	31	713	61	341	432	342	45	8	4	204	509	2,971
	%	100.0	9.5	1.0	24.0	2.1	11.5	14.5	11.5	1.5	0.3	0.1	6.9	17.1	100.0

Source: Craft Mapping Survey, 2002

1) Figure in parentheses refers to number of provinces.

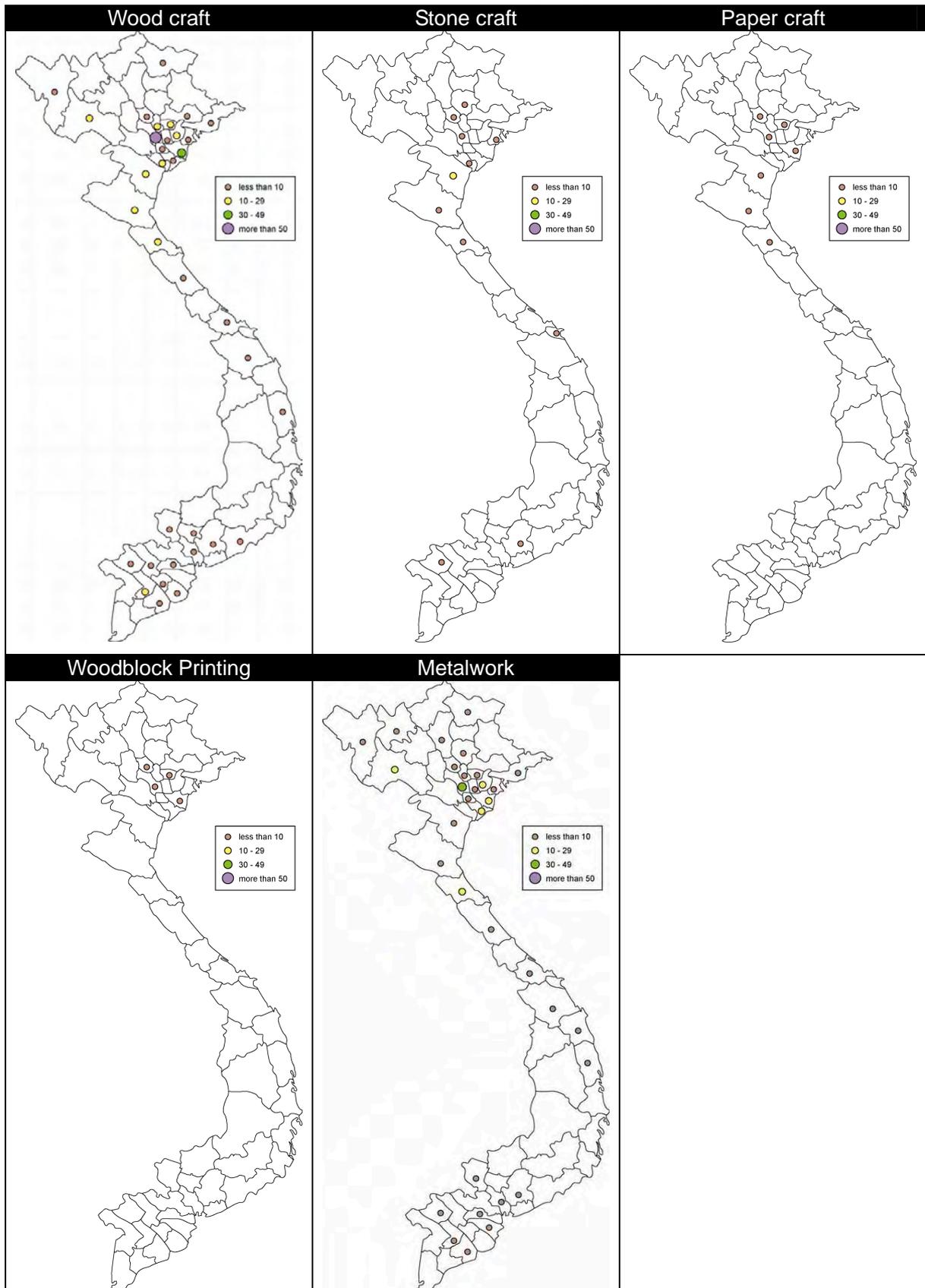
2) Other craft items (509 villages, 17.1%) include furnishings (using materials other than bamboo, rattan & rush), knot works (using water plant, hay, etc.), incense, carpets, fishnets, combs (using cattle horn), and machine-made items (e.g. exercise shoes, processed food, construction materials, wooden ships, towels, etc.).

Figure 4.2.1 Distribution of Craft Villages by Craft (Part 1)



Source: JICA Study Team (based on Craft Mapping Survey results)

Figure 4.2.2 Distribution of Craft Villages by Craft (Part 2)



Source: JICA Study Team (based on Craft Mapping Survey results)

The following are the profiles of the Red River Delta, the northeastern south – mainly the outskirts of HCMC, and the mountainous northwest:

- (a) **Red River Delta:** The Red River Delta has the largest concentration of craft villages, accounting for 80% of the country's total. Due to this density, development of the industry appears to have progressed in a programmed or policy-oriented manner. Its craft demographics make the Red River Delta the heart of the north's economic activities, with Hanoi as its center. The expansion of job opportunities in the craft sector and the promotion of crafts for export are two of the region's primary growth targets as indicated in national policies.¹ The Red River Delta possesses the proper growth variables to achieve these targets, such as good access to Hanoi, abundant labor force, exports promotion, tourism development, and others. Moreover, the provincial government is in the forefront in the sector's promotion and growth. Numerous private and state-owned enterprises (SOEs) are located in the area as well.
- (b) **Northeastern South:** Countless craft enterprises are operating in the northeastern south with a central focus on HCMC. The private sector has been highly active especially in the outskirts of HCMC where there are more craft enterprises than craft villages. These private companies mainly produce items for exports and likewise enjoy great access to HCMC and the large market offered by the city. This access explains the proliferation of private enterprises in the area and the large number of corollary organizations and BDS providers (see Box 4.2.1). These organizations have built thriving overseas networks on their own without government assistance.
- (c) **Northwest:** The mountainous northwest has no concentration or buildup of craft villages. The northeast and the central highlands are, basically, the ancestral domains of several ethnic minorities and have few existing craft villages. The factor cited is that the items they make, such as weavings, bamboo baskets, etc. which they commonly make for their own use, are produced in such small quantities to have any discernible market impact. Because their economic impact is so small they are hardly recognized as craft items per se.

¹ Development policies by region and sector are provided in the 10-Year Development Strategy and the 5-Year Development Strategy.

Box 4.2.1 Craft Promotion Activities around HCMC

The Investment and Trade Promotion Center of HCMC (ITPC) is an advisory board for the HCMC People's Committee. Established in 1984, it was renamed the Foreign Trade Promotion Center (FTPC) in 1992. It adopted its current name and system in 2001. It covers not only HCMC, but the whole of greater HCMC. HCMC sets up development goals every year. For the past few years, poverty reduction through craft promotion has been one of these goals with emphasis on textile products. Assistance is provided in the form of information services. ITPC supports product improvement and promotion, rather than promoting new designs for crafts.

The three points the ITPC is emphasizing are: (1) provision of market information through a website; (2) provision of short training courses on marketing (1-3 days, maximum of 5); and (3) promotional activities such as participation in domestic and international trade fairs and similar events.

The demand for designers in HCMC is high; the survey conducted by the HCMC Economic Department showed that approximately 5,000 designers are needed. However, the link between designers and enterprises (manufacturers) is lacking. The ITPC is thus considering establishing a system that will bridge this gap. (Reference: <http://www.itpc.hochiminhcity.gov.vn/>)

Source: JICA Study Team

2) Distribution by Craft

The distribution varies, except for bamboo and rattan, which is fairly distributed nationwide. Although craft items are mainly produced in the north where most craft villages are located, they are also produced in large volumes in regions where craft enterprises abound, such as in the northern central coast and northeastern south which produce ceramics. This implies that modern processes have progressed especially in the production of export items through usage of modern equipment, techniques, etc. largely spearheaded by private enterprises. Production sites for items that require special methods, like lacquer ware, wood and metal products, have sprouted mainly around the Red River Delta where indigenous labor and craftspersons are on hand. These craft items have no nationwide distribution. Some concentrations of craft items are evident in the mountainous northwest where many ethnic minorities are engaged in weaving and embroidery. In the provinces of Ninh Binh and Ha Tay, where weaving and embroidery are concentrated, the Kinh group, who are engaged in these crafts, are keen in promoting their products.

Table 4.2.2 Craft Village Distribution by Region and Craft

Region	Rush	Lacquer	Bamboo & Rattan	Ceramics	Embroidery	Textile	Wood	Stone Carving	Paper	Wood-block Printing	Metal-work
1. Red River Delta	X	XX	X	X	XX	X	XX	X	X	XX	XX
2. Northeast			X					X	X		
3. Northwest					X	XX					
4. Northern Central Coast	X		X	X		X	X	XX	X		X
5. Southern Central Coast				X							
6. Central Highlands											
7. Northeastern South				X							
8. Mekong Delta	X		X	X							

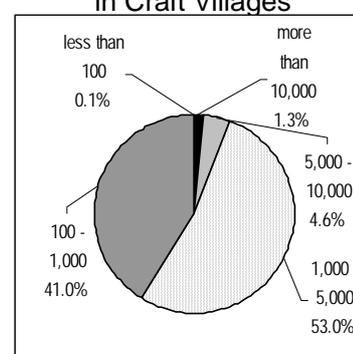
Source: JICA Study Team

Note: **XX** and **X** indicate regions which account for more than 50% and 10 to 50% of the total number of craft villages for the subject craft, respectively.

3) Scale and Characteristics of Craft Villages

The national population average of a craft village is 2,079. More than half of the villages have populations that range from 1,000 to 5,000 (see Figure 4.2.3). The number of craft workers per craft village averages 668, and over 30% of the village population is engaged in craft making. The Red River Delta and the northeastern south, in particular, have averages of more than 900 workers per village (see Table 4.2.3).

Figure 4.2.3 Population in Craft Villages



While craft industries in urban areas are labor-intensive, craft villages in the rural areas tend to be small and not as comparatively labor-intensive. Also, a large number of skilled craftsmen and young workers from the rural areas have gone to work in craft enterprises or factories in the urban areas that offer higher wages. Hence, the size of numerous craft villages has shrunk, as the field surveys conducted in this Study revealed.

Table 4.2.3 Size of Craft Villages and Enterprises by Region

Region	Craft Village		No. of Craftsperson per Village	Craft Enterprises		% of Enterprises per Village
	No. of Craft Village	No. of Craftsperson		No. of Enterprises	No. of Craftsperson	
1. Red River Delta	914	848,805	929	481	64,116	0.5
2. Northeast	116	35,044	302	29	10,215	0.3
3. Northwest	247	104,210	422	3	110	0.0
4. Northern Central Coast	341	137,568	403	95	12,299	0.3
5. Southern Central Coast	87	44,730	514	9	3,617	0.1
6. Central Highlands	0	-	-	12	982	-
7. Northeastern South	101	93,716	928	122	6,532	1.2
8. Mekong Delta	211	84,286	399	100	15,438	0.5
Whole Country	2,017	1,348,359	668	851	113,309	0.4

Source: Craft Mapping Survey, 2002

4.3 Socio-economic Condition of Craft Villages

1) Condition of Infrastructure Development

Infrastructure, or the ideal conditions inherent to it, is a vital input in the promotion of the craft sector. Access to information, water, power supply, transport links, and other physical variables are necessary for its growth and development. The proper infrastructure development will heavily dictate government's aim of helping raise the living standards, increasing employment, and eradicating poverty in the rural areas through the promotion of the craft sector and the craft villages. The provision of infrastructure for craft villages has been availing to a point that it can generally be said that they have better infrastructures compared to other villages in the rural areas², especially in terms of transportation facilities and electricity supply.

However, ideal infrastructure conditions are far from being at hand. Since most local roads in the craft villages are made of gravel, craft items, like ceramics and baskets, suffer damages during delivery because they are mainly transported either through bicycle, animal-driven carriage or manually carried in baskets. So delivery ironically inflicts a negative business impact. Roads within the craft villages are also commonly narrow for the passage of delivery vehicles, thereby preventing the delivery of raw materials in bigger sizes or larger volumes. Thus, producers are forced to obtain processed materials, like cut bamboo. If rural roads were wider, production costs could be cut down since raw material processing could be done right in the village premises. Another debilitating factor is that many villages' lack of access to markets mean that they suffer from a dearth in market information. This means that they are not exploiting to the hilt the large tourism market. The proper development of roads is thus indispensable in achieving ideal distribution, cost reduction and market cultivation.

2) Status of Infrastructure Development by Region

Infrastructures in areas where craft villages are highly concentrated, such as the Red River Delta, northern central coast, and northeastern south, are relatively developed, further indicating the importance of infrastructure development to the growth of the craft villages.

In urban areas, like in the Red River Delta, buildup of craft villages occurs in areas with good access to national roads. These villages did not rise up mainly due to their proximity to markets and raw materials; they were also borne out by the availing transport infrastructure, of which many have been provided for by the provincial

² "Vietnam Agriculture and Rural Area in the Renovation Period 1996-2002", GSO

government's policies on craft promotion and development. These policies include the transfer and clustering of craft villages to areas with good infrastructure, the creation of industrial zones, and links to the tourism industry, among others.

Although the Mekong Delta has numerous craft villages, the distribution rate of water and electricity in the area is lower than that in other areas, which has proven to be a disadvantage in the promotion of craft making.

In the mountainous regions, which traditionally have poor road infrastructure, craft items are not made to cater to market needs. Because of this, their impact on the province's overall economic output has been limited. As a result, the provincial government's interest in craft promotion has been relatively low. Almost no social development assistance has been extended to existing craft villages. Communication infrastructure has been minimal, serving a mere 10% of the local population. Because of their isolation many ethnic villages have limited access to provincial or district centers. Many ethnic minorities have never ventured out of their villages. They lag far behind the times in terms of development and promotion. Under current circumstances, promoting infrastructure assistance to craft villages in the mountainous areas is difficult. Hence, priority here is not only accessing markets, but also assistance to improve their living conditions, such as developing schemes that will encourage consumers and tourists to visit their craft villages, along with a parallel effort to develop corollary aspects (e.g. linkage with tourism and NGOs' assistance in rural development).

3) Social Environment

Vietnam has a high rate of educational attainment and there are no regional disparities in the demographics. However, in the mountainous areas where ethnic minorities live (see Table 4.3.1), many do not speak the language spoken by the Kinh group (Vietnamese, is spoken by 87% of the country's population as of 2000 data). Misunderstandings often occur particularly in business transactions where lopsided arrangements mainly benefit the middlemen due to the ethnic minorities' lack of knowledge on such things as basic accounting, market information, etc. Recently, the Government and some NGOs' have increased their assistance on literacy programs to ethnic minorities as well as women on the fundamentals of business, basic accounting etc.³ These forms of literacy programs that meet the needs and standards of the craft villages are necessary along with craft promotion assistance.

³ Through the JICA Development Partnership Projects with MOE as counterpart, adult literacy programs were conducted in two districts in Lai Chau province: (1) construction of 40 community learning centers, (2) human resources development (training programs for teachers and community learning centers' operations committee consisting of village representatives), and (3) preparation of educational materials (from April 2000 through March 2003). Currently, such promotion is being conducted in all the provinces in the north.

Table 4.3.1 Literacy Rate and Infrastructure Coverage by Region

Region	Literacy Rate (%)	Infrastructure Coverage (%)	
		Water	Electricity
1. Red River Delta	94.5	92.1	98.6
2. Northeast	89.3	77.7	76.1
3. Northwest	73.3	42.9	48.4
4. Northern Central Coast	91.3	86.6	85.2
5. Southern Central Coast	90.6	88.6	82.4
6. Central Highlands	83.0	78.8	52.9
7. Northeastern South	92.1	92.8	82.8
8. Mekong Delta	88.1	44.4	54.8
Whole Country	90.3	77.1	77.1

Source: "National Human Development Report", NCSSH-UNDP, 2001

Table 4.3.2 Illiteracy Rate by Region, 1999

(%)	Red River Delta	Northeast	North-west	Northern Central Coast	Southern Central Coast	Central Highlands	North-eastern South	Mekong Delta	Whole Country
Male (a)	2.1	6.8	18.5	4.8	5.1	11.7	5.5	8.7	6.0
Female (b)	8.6	15.0	36.6	12.2	13.4	22.2	10.5	14.9	13.1
Difference (b)-(a)	6.5	8.2	18.1	7.4	8.3	10.5	5.0	6.2	7.1

Source: "National Human Development Report", NCSSH-UNDP, 2001

4) Economic Conditions

The average poverty rate among craft households is 3.7%, which is way lesser than the 10.4% national figure. Income disparities among households that augment their income through craft making and the standard low-income households are shown in Table 4.3.3. It also shows that the poverty rate among the group of craft households in all the provinces is less than the second group of households. High poverty rates were recorded mostly in the northern mountainous provinces of Bac Can (30.7%), Lai Chau (30.6%), Soc Trang (23.8%), Ha Tinh (21.5%), and Hoa Binh (20.2%). So in general, craft households are relatively better off compared with other lesser income households. Thus the truism that no one starves in the vocational villages and craft villages, further evidence that craft production contributes significantly to income generation and poverty alleviation.

Table 4.3.3 Characteristics of Craft Households

Household	Household		Average Monthly Income of Household ³⁾		Poverty Rate among Households (%)
	Number (000)	%	VND000	US\$	
Craft Households ¹⁾	1,423	9.9	905	59.5	3.7
Overall Households ²⁾	14,390	100.0	713	46.9	10.4

Source: Craft Mapping Survey, 2002

1) Households indicating craft production as main income source in the mapping survey.

2) Households involved in agriculture, fishery, forestry, craft, manufacturing, service & business, and other industries.

4.4 Employment Conditions

1) Employment Conditions by Region

More than 10% of the total number of craft households generates their principal income from craft production (see Table 4.4.1). Households in the Red River Delta, the northeastern south, and the Mekong Delta posted high percentages. On agricultural incomes, a big chunk of craft families primarily dependent on agriculture, augment their incomes through craft making. This is especially true in the Red River Delta, where 80% of its farmers had side jobs. In areas that are not primarily agricultural, such as in the northeastern south, shares of craft making as a form of business are high. In the northeastern south, which is the center of the country's economic activities and exports, many villages have made craft production as their main economic activity. In the Mekong Delta, the agricultural sector plays a key part, while the industrial sector is not well developed. There is not much room for farmers to engage in craft production as a side job. Thus the share of households with side-jobs in Mekong Delta is quite low (21.7%), as compared to those of nationwide (50.6%) and in Red River Delta (80.8%) and the craft industry in Mekong Delta is not so much active as north region.

Table 4.4.1 Status of Craft Production Engaged Households

Region	Craft Household ¹⁾ (%)	No. of Craft Households				% of Craft Households			
		Full-time	with Side Jobs	Non-Agricultural	Total	Full-time	with Side Jobs	Non-Agricultural	Total
1. Red River Delta	15.6	22,115	429,893	80,187	532,195	4.2	80.8	15.1	100.0
2. Northeast	5.3	10,853	40,222	32,011	83,086	13.1	48.4	38.5	100.0
3. Northwest	7.2	3,223	8,787	14,830	26,840	12.0	32.7	55.3	100.0
4. Northern Central Coast	8.7	17,506	74,991	76,509	169,006	10.4	44.4	45.3	100.0
5. Southern Central Coast	7.7	14,253	38,987	29,292	82,532	17.3	47.2	35.5	100.0
6. Central Highlands	1.1	0	2,941	4,127	7,068	0.0	41.6	58.4	100.0
7. Northeastern South	14.5	6,879	52,572	129,938	189,389	3.6	27.8	68.6	100.0
8. Mekong Delta	11.8	32,762	72,233	227,747	332,742	9.8	21.7	68.4	100.0
Whole Country	10.8	107,591	720,626	594,641	1,422,858	7.6	50.6	41.8	100.0

Source: Craft Mapping Survey, 2002

1) Number of households that answered craft production as main income source in the mapping survey

2) Employment Conditions by Craft

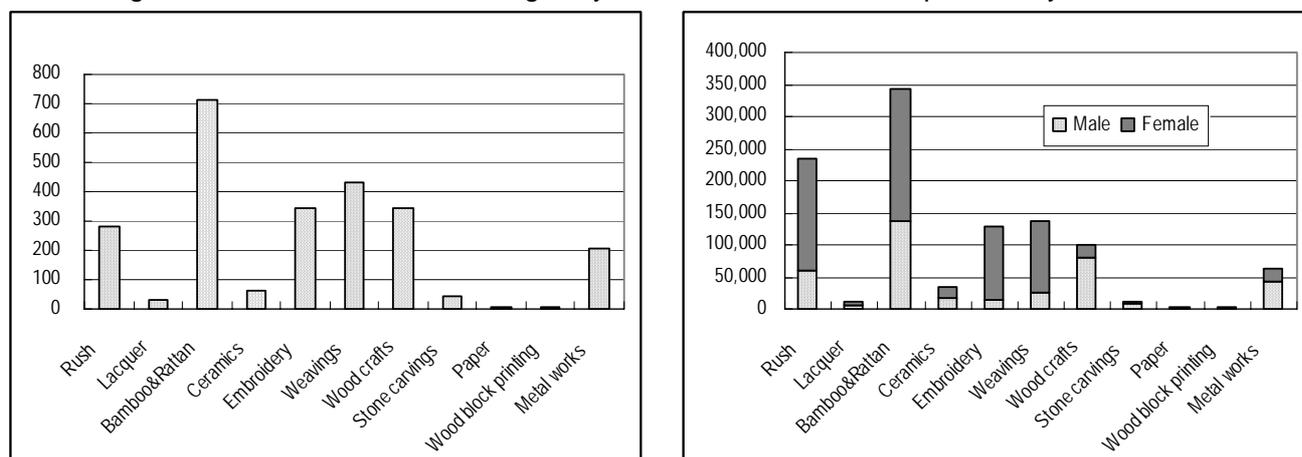
Approximately 1.35 million people are engaged in craft making. Bamboo and rattan craft has the most number of people engaged in it with 342,000 followed by rush 233,000, weaving 136,000, and embroidery 129,000. Woodblock printers were a far minority with 1,834, along with and paper craft makers who numbered a mere 2,406 (see Table 4.4.2, Figure 4.4.1). Bamboo and rattan craft also shares a quarter of the overall number of craft villages and they are distributed nationwide. Thus, the latter craft making is considered as suitable for promotion and job creation due to its easy production techniques and accessibility to local raw materials.

Table 4.4.2 Number of Craftspersons by Gender and Craft

Item	No. of Craftspersons			No. of Craft Villages	No. of Craftspersons per Village	Average Population per Village (person)	% of Craftspersons per Village
	Male	Female	Total				
Rush	59,499	173,724	233,223	281	830	2,082	39.9
Lacquer	5,025	6,439	11,464	31	370	1,991	18.6
Bamboo/Rattan	136,057	206,404	342,461	713	480	3,162	15.2
Ceramics	17,711	17,343	35,054	61	575	2,028	28.3
Embroidery	15,128	114,794	129,922	341	381	4,312	8.8
Weaving	26,855	109,400	136,255	432	315	1,036	30.4
Wood	78,908	20,996	99,904	342	292	2,058	14.2
Stone Carving	7,628	2,583	10,211	45	227	1,479	15.3
Paper	1,319	1,087	2,406	8	301	1,307	23.0
Woodblock Printing	598	1,236	1,834	4	459	4,947	9.3
Metalwork	42,182	19,713	61,895	204	303	2,031	14.9
Total	510,122	838,227	1,348,349	2,462	548	2,065	26.5

Source: Craft Mapping Survey, 2002

Figure 4.4.1 Number of Craft Villages by Craft & Number of Craftspersons by Gender



Source: Craft Mapping Survey, 2002

3) Conditions of Craft Production in Craft Villages

The average population of craft villages is 2,065 and approximately 548, or 26.5% are engaged in craft production (see Table 4.4.2). Rush craft making has the highest percentage of craft workers accounting for 40% of a village. It is followed with weaving with 30%, and ceramics with 28%. The number of craft villages involved in bamboo and rattan craft as well as embroidery is relatively large. Most farmers are engaged in craft making as side jobs to augment farming incomes.

The average period workers engage in craft making is between eight to ten months per year. Crafts that requires more than a 10-month period include lacquer ware, ceramics, and woodblock printing. The making of these items often require full-time jobs. Bamboo and rattan, rush, embroidery, and the other craft items are commonly made during off-farm seasons. The field surveys showed that in the north craft making is suspended

during the double crop season, which is spring and summer; the former entails planting in February and harvesting in May, the latter planting in July and harvesting in October. However, in high production areas, craft workers engage in year-round production; farm workers from nearby rural areas are hired at low wages.

4) Profile of Craft Workforce

The total number of male and female craft workers is 510,122 and 838,227, respectively. This means that more than 60% of craft workers are women (see Table 4.4.2, Figure 4.4.1). Embroidery and weaving account for 80% of the total number of craftswomen. The two craft items thus generate jobs for thousands of rural womenfolk. Craft making that requires physical labor, especially those that have inherent risks – like stone carving and metal products – have more male workers. It should be noted that while craft making promotes women's welfare and augments their income, their negative social impacts, such as excessive labor practices, adverse effects on health and agriculture, etc., should be examined.

The average age bracket of workers ranges from the 20s to the 30s. This implies that the craft sector creates job opportunities for the younger generation. However, it also involves older people even those already in their eighties. This is especially true for the senior artisans and elderly master craftsmen who impart their skills to younger generations in the traditional craft villages. Likewise, it has been noted that a large number of craft villages, particularly those in rush, bamboo and rattan, and embroidery, employ children younger than the working age set by the labor code. Craft villages where production is done by households often employ entire family members, which partly explains the use of child labor. The use of child laborers and the effect of craft making on health should be carefully considered in craft promotion.

5) Craft Workers' Income

The average income of a craft worker is approximately VND 366,000 (see Table 4.4.3). The figure is higher than the national and local averages, which are VND 295,000 and 225,000, respectively.⁴ This also could explain why a large number of farmers or farm workers shifting to craft production is increasing in the rural areas. However, the income disparity between rural and urban workers (who net approximately VND 832, 500) is quite large. Contractual daily workers make even less than full-time craftspersons. An equitable income distribution is, basically, nonexistent because the system has generally been highly biased in favor of middlemen and vendors⁵ and against the

⁴ Vietnam Agriculture and Rural Area in the Renovation Period 1996-2002", GSO

⁵ In general, the market price of products outside of Vietnam is said to be more than 10 times their original

craftspersons or workers. Income stability and improvement are directly linked to distribution costs and poor pricing information. Management improvement is thus necessary and should include cost reduction within distribution channels (fees taken by middlemen, tax, transportation cost, etc.) and access to market information at production sites to set appropriate prices that match the value of the products.

Income disparity by craft and skills is also large. Products like lacquer and wood, employ full-time workers, have limited workforces, and the scale of their craft villages is small. However, income from these crafts is relatively high due to their high unit prices. Earnings from crafts, such as rush, bamboo and rattan, etc., which are mainly produced by thousands of craft households or thousands of farm workers on sideline jobs remain low. The latter products are often subcontracted to craft households and involve segmented production stages. Poor knowledge on appropriate pricing methods and market values is considered a variable in the low earnings from such craft making.

Because earnings from craft production vary according to production mechanism and condition, the promotion of craft making in the rural areas should include the comprehensive appraisal of, among others, increasing production outputs, improving product quality, streamlining distribution systems, and upgrading working conditions.

Table 4.4.3 Labor Condition of Craftspersons

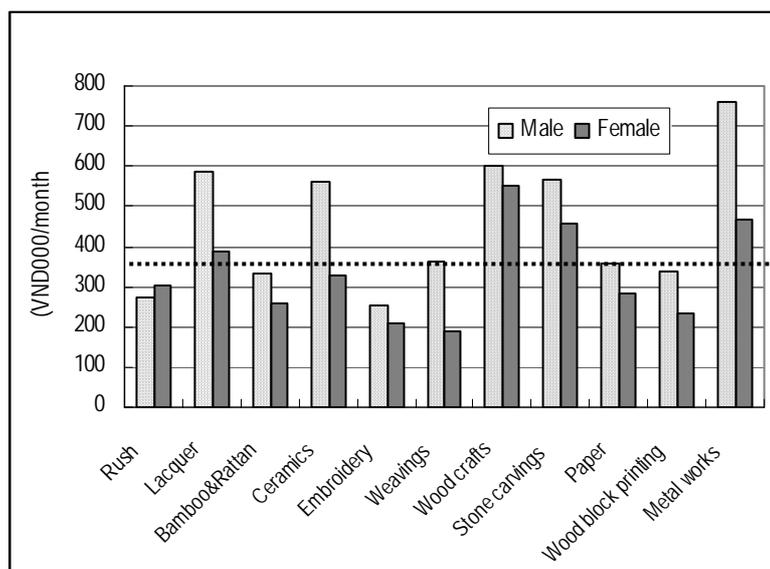
Item	Average Age	Training (%) ¹⁾	No. of Months Engaged in Production (month/year)		Average No. of Hours Engaged in Production (hour/day)		Average Income per Person (VND '000/month)		
			Male	Female	Male	Female	Male	Female	Average
Rush	22	9	8	9	8	8	271	304	296
Lacquer	26	15	10	10	9	9	586	386	474
Bamboo/Rattan	28	10	9	9	8	9	333	258	288
Ceramics	34	5	9	6	9	7	560	326	444
Embroidery	20	18	9	8	8	7	251	207	212
Weaving	24	8	9	8	9	6	365	187	222
Wood	24	9	10	10	9	8	599	551	589
Stone Carving	31	7	10	10	8	8	568	456	540
Paper	38	4	11	8	9	8	359	281	324
Woodblock Printing	33	63	11	10	11	10	338	235	269
Metalwork	30	9	10	8	8	8	759	467	666
Others	25	9	9	9	9	9	507	483	493
Average	25	10	9	9	8	8	396	311	366

Source: Craft Mapping Survey, 2002

1) Share of craftspersons with official training.

price due to distribution cost, middlemen, etc. For instance, a bamboo basket made in Quang Nam is sold for JP¥ 4,000 (approx. US\$ 33) in Japan, but a day's wage of a craftsperson is only VND 30,000 (US\$ 2).

Figure 4.4.2 Monthly Average Income by Craft and Gender Per Capita



Source: Craft Mapping Survey, 2002

Note: Broken line indicates average of all items (366,000 VND/Month)

6) Human Resources and Craft Techniques

Although labor is abundant, inefficient production methods is still a prevailing disadvantage for many craft items. In the mapping survey, several craft villages indicated that although they enjoy enough labor force, they feel a lack in the areas of business leadership as well as skills and craft techniques (see Table 4.4.4). Production outfits with abundant workforces often only had a business manager handling the production, accounting, and sales negotiation aspects of the business. Production is also generally not managed well, and product quality is not tightly controlled, which lead to inefficient production.

Table 4.4.4 Issues in Labor and Craft Techniques of Craft Villages by Craft

Item	No. of Craftspersons			Leaders			Techniques		
	No Problem	Slight Problem	Serious Problem	No Problem	Slight Problem	Serious Problem	No Problem	Slight Problem	Serious Problem
Rush	93.4	6.3	0.4	44.9	47.8	7.3	27.9	55.4	16.7
Lacquer	86.2	13.8	0.0	51.9	37.0	11.1	32.1	64.3	3.6
Bamboo/Rattan	93.2	6.5	0.3	31.6	55.7	12.7	35.3	50.1	14.6
Ceramics	91.4	1.7	6.9	36.0	54.0	10.0	7.0	70.2	22.8
Embroidery	87.5	11.8	0.6	29.6	62.9	7.5	22.3	61.7	16.0
Weaving	93.5	5.4	1.1	10.2	66.1	23.7	7.9	59.3	32.9
Wood	82.8	16.2	1.0	40.9	49.0	10.1	23.4	58.4	18.2
Stone Carving	65.8	34.2	0.0	30.8	56.4	12.8	22.2	63.9	13.9
Paper	100.0	0.0	0.0	50.0	25.0	25.0	50.0	16.7	33.3
Woodblock Printing	100.0	0.0	0.0	66.7	33.3	0.0	66.7	33.3	0.0
Metal Products	85.0	15.0	0.0	34.9	53.6	11.4	21.5	66.3	12.2
Total	90.3	8.9	0.8	33.6	53.6	12.7	24.6	56.4	19.0

Source: Craft Mapping Survey, 2002

There are very few training opportunities in craft production. Only 24.2% out of the total number of craft workers received some form of training. Craft making, like stone carving and woodblock printing, which have a lesser number of craft workers had a higher share of trained workers, estimated at 60-80%. Meanwhile, only around 20% of workers in bamboo/rattan and rush crafts – which employ a larger total of workers – received formal training. Many of the untrained are young craft workers. The field surveys also revealed that the number of artisans and skilled craftspersons who can impart their skills and techniques to younger generations has been decreasing.

7) Organization

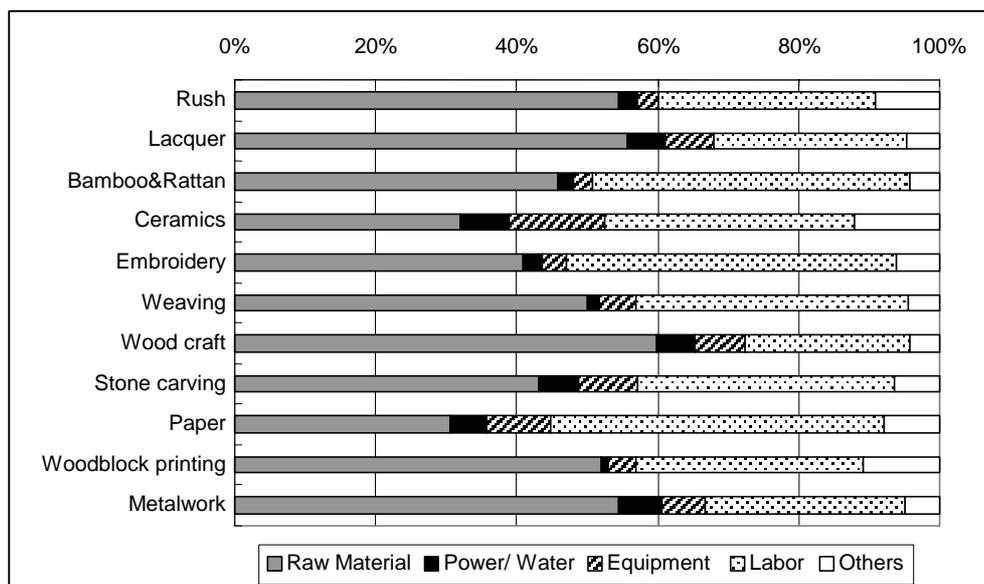
There are active organizations of producers in the Red River Delta, especially in Hanoi, and in the northeastern south, around HCMC. On the other hand, few organizations exist in craft villages in the Mekong Delta and none in the northern mountainous area. Small-scale production management is the common practice in these areas. The number of cooperatives and their activities has also shrunk. Almost no operational examples of cooperative selling and buying were noted. A recent development that infused some semblance of organizational system in these areas was the establishment of an “association”. It is organized like a distribution union aimed at joint management of businesses while at the same time respecting the independence of each member. So far, it has not caught on and its practices have been minimal that recognition from the Government and the market remains low. Poor know-how on craft promotion and lack of concrete government assistance are considered factors in the delay of its activities.

4.5 Access to Capital and Information by Craft Villages

1) Cost Structure

The craft villages’ financial resources are mostly spent on purchasing raw materials and paying labor wages. Traditionally, they have never been sufficient to plow back investments in infrastructure or equipment (see Figure 4.5.1). A valid factor would be the inherently low cost consciousness and lack of business acumen among managers, which results in the lack of long-term business planning for equipment investment and infrastructure development, among many aspects.

Figure 4.5.1 Cost Structure by Craft Item



Source: Craft Mapping Survey, 2002

2) Access to Capital

The mapping survey also showed that fund shortage is a common problem suffered by more than 80% of the craft villages (see Table 4.5.1). The problem is the root of their difficulties in sourcing high quality raw materials, investing in equipment and improving technology. Main financial sources are government banks, government assistance programs, NGOs that provide small loans, the Women’s Union, etc. Ironically, due to complicated application procedures, less than 10% of craft producers use these avenues. A more common practice is borrowing from individual lenders.⁶ Financing programs should therefore take into account the particular circumstances and conditions of micro enterprises and craft villages in rural areas (For further details see Chapter 6, Financing and Capitalization).

⁶ Source: Report on current evaluations of non-agricultural industries and development polices for 2000 up to 2010, MARD, 2000

Table 4.5.1 Issues in Capitalization and Information by Craft

Craft	Capitalization			Information		
	No Problem	Slight Problem	Serious Problem	No Problem	Slight Problem	Serious Problem
Rush	16.2	68.4	15.4	13.5	70.8	15.8
Lacquer	7.1	92.9	0.0	10.7	85.7	3.6
Bamboo/Rattan	25.8	59.0	15.2	13.3	65.7	21.1
Ceramics	15.5	67.2	17.2	13.8	56.9	29.3
Embroidery	18.2	62.1	19.7	11.6	65.1	23.3
Weaving Textile	7.0	61.9	31.1	8.6	49.7	41.7
Wood	11.6	66.3	22.2	14.2	66.1	19.7
Stone Carving	19.5	65.9	14.6	17.1	61.0	22.0
Paper	14.3	57.1	28.6	28.6	57.1	14.3
Woodblock Printing	25.0	50.0	25.0	0.0	100.0	0.0
Metal Products	12.0	68.9	19.1	18.8	64.2	17.0
Total	18.5	62.1	19.4	15.1	62.0	22.9

Source: Craft Mapping Survey, 2002

3) Market Information and Access for Craft Villages

Countless enterprise managers and producers have cited a lack of market information. This claim was confirmed by the mapping survey, which revealed that craft villages commonly obtain market information through their own efforts and volition. Information such as on design, and others, are sourced from media and private enterprises. Information on prices and quality commonly come from private distributors (see Table 4.5.2).

In actuality, most producers in the craft villages do not know “what products to make, which market to sell to, and at what price.” They function mainly to fulfill the orders placed by distributors and buyers. Not enough talent or wherewithal is left to create new products. In a sense, this makes it hard to say that whatever information is obtained is utilized thoroughly by producers and managers. Outside traders often specify prices and product design while quality management is commonly conducted by managers with no particular criteria or equipment. This situation makes it imperative to create an environment where producers and managers can utilize obtained information in order to attain the following: 1) Explore the obtained designs and apply them to new products. 2) Retain a fair share for producers and allow appropriate prices with market competitiveness to set by themselves. 3) Strictly comprehend consumer claims, the conduct of product management, etc.

Table 4.5.2 Information Sources for Craft Villages (%)

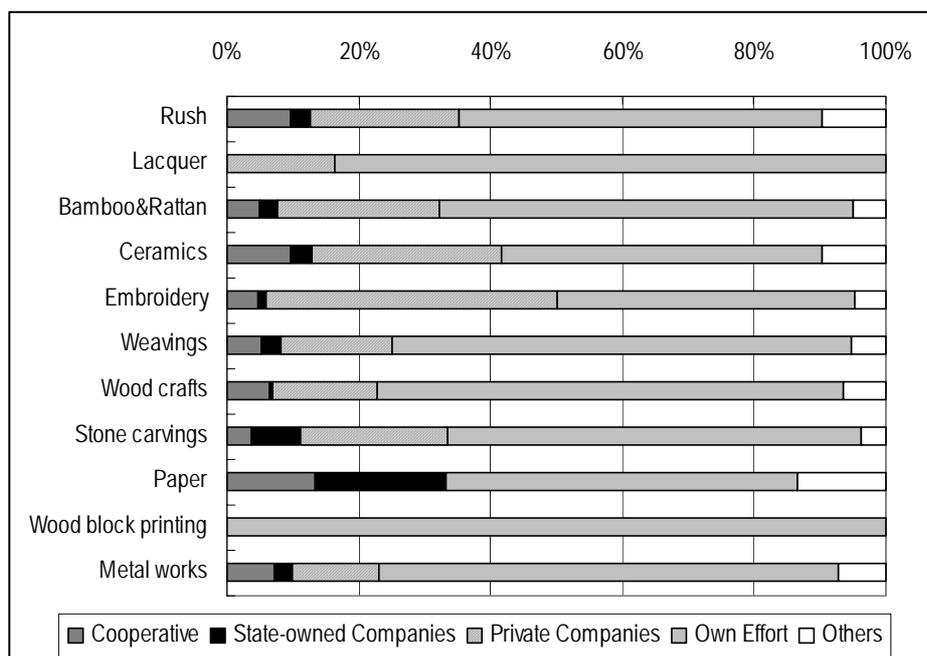
Information	Media	NGOs	Distributors		Travelers	Public Agencies	Own	Others	No Sources
			Private	SOE					
Design	22.2	1.8	27.8	2.5	3.5	2.1	37.3	1.0	1.8
Price	4.8	2.1	36.7	2.9	2.4	1.6	43.3	1.7	4.6
Quality	18.0	2.0	32.5	3.7	3.3	1.8	28.5	3.7	6.5

Source: Craft Mapping Survey, 2002

4) Distribution Channel

The role of cooperatives and the SOEs is minimal compared with individual middlemen or private enterprises, which have more active roles in product distribution (see Figure 4.5.2). Individual middlemen operate within craft villages and they visit production groups or micro enterprises to conduct buying or the placing of orders. Even raw materials are commonly supplied by these middlemen.

Figure 4.5.2 Distribution Channels



Source: Craft Mapping Survey, 2002

4.6 Awareness of Issues Faced by Craft Villages

The serious issues raised by the commune administrations in the mapping survey were tabulated by region (see Table 4.6.1) and their evaluation was delineated by item (Figure 4.6.1 and Figure 4.6.2).

Lack of funds, poor market information, and lack of skills were on top of the list. Lack of market information is more serious in the remote areas which are far from the markets. Market data is especially a vexing need of producers in the mountainous and costal areas compared with the Red River Delta and the northeastern south which lie close to large markets.

Although every region has an abundant repository of labor, this is not fully utilized by the craft villages as the workforce is generally lacking in skills and the industry does not follow proper management practices.

Few communes claim they have problems with raw materials and means of transportation. Since a sustainable supply of raw materials and minimized costs of transportation of raw materials and products are both important considerations in craft promotion, therefore, government assistance in securing raw materials and developing infrastructure is indispensable. Enhancing government officials' awareness of craft sector issues is likewise important.

Traditional value is essential for product development and market cultivation, which should be aligned with craft promotion. Most craft items still replete with traditional values are those crafted in the mountainous areas and remote districts. Their isolation, however, offers little opportunities for proper evaluation. For example, textiles woven by ethnic minorities are made for self-consumption and thus are not marketed. The techniques used to craft them and the designs have not kept up with the times and both are falling into disuse. This makes the conservation of traditional values as an important strategy in the total approach to craft promotion and development. Often, the concern for conservation is brought into a craft village first by outsiders. Then awareness begins to take root among the villagers. Thus the need to boost conservation awareness within craft villages and policies that enhance these values during production are necessary.

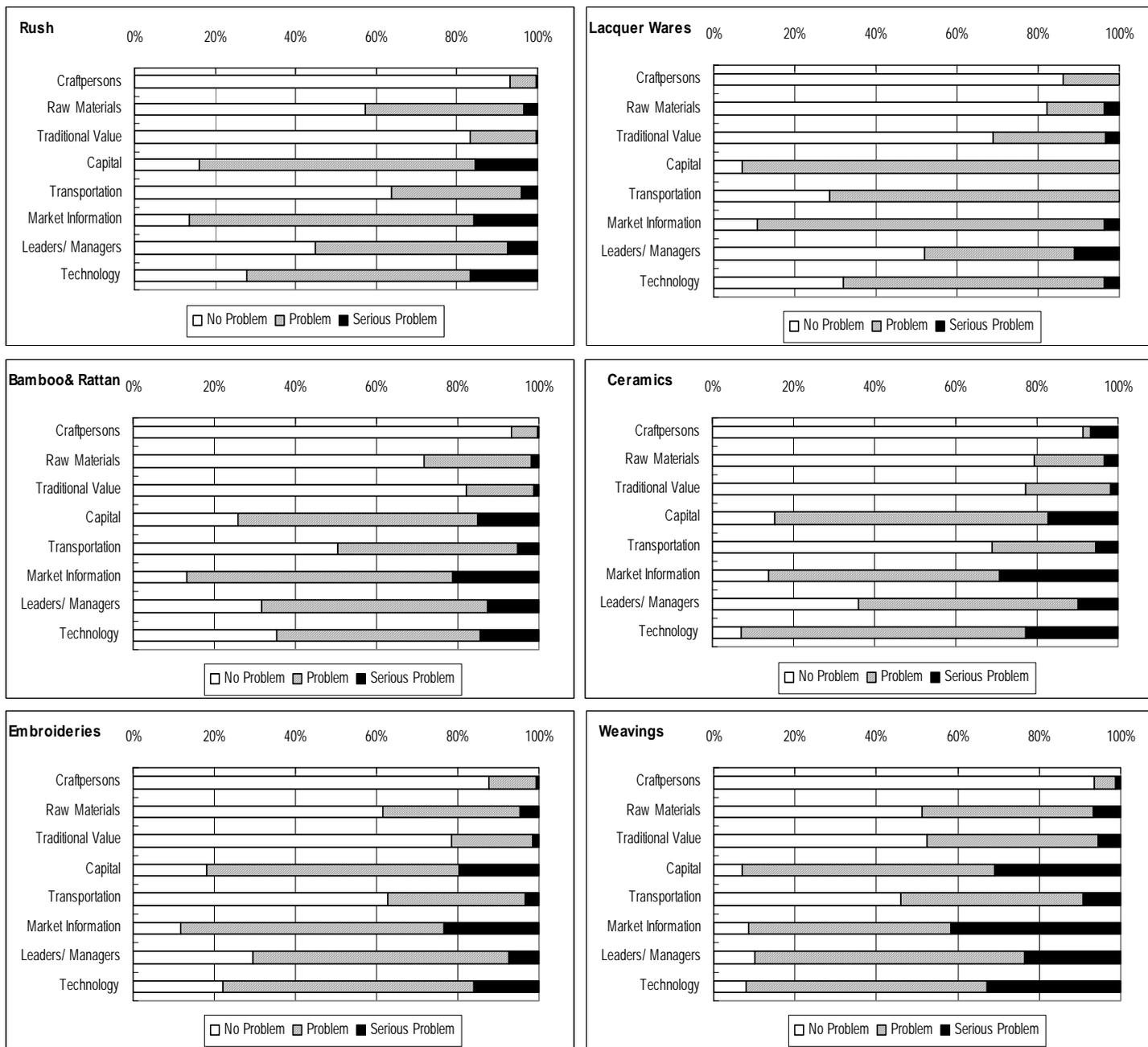
Table 4.6.1 Serious Issues Craft Villages Are Facing by Region¹⁾ (%)

Region	Crafts- persons	Raw Materials	Traditional Value	Capital	Transport- ation	Market Information	Leaders/ Managers	Skills
1 Red River Delta	1.3	2.8	1.8	15.8	2.9	15.3	7.2	11.0
2 Northeast	0.0	3.5	4.2	8.4	7.0	18.2	15.4	21.7
3 Northwest	0.2	7.5	1.2	28.6	1.0	34.4	12.3	23.1
4 North Central Coast	0.8	3.4	2.7	19.5	8.6	24.5	13.8	16.8
5 South Central Coast	1.0	5.0	0.0	16.0	7.0	28.0	10.0	24.0
6 Central Highlands	-	-	-	-	-	-	-	-
7 Northeastern South	1.6	2.4	0.8	5.6	4.0	19.0	15.9	27.8
8 Mekong Delta	1.8	2.9	0.4	17.3	7.4	16.5	7.7	11.0
Whole Country	1.1	3.6	1.8	17.5	4.3	20.2	9.8	15.2

Source: Craft Mapping Survey, 2002

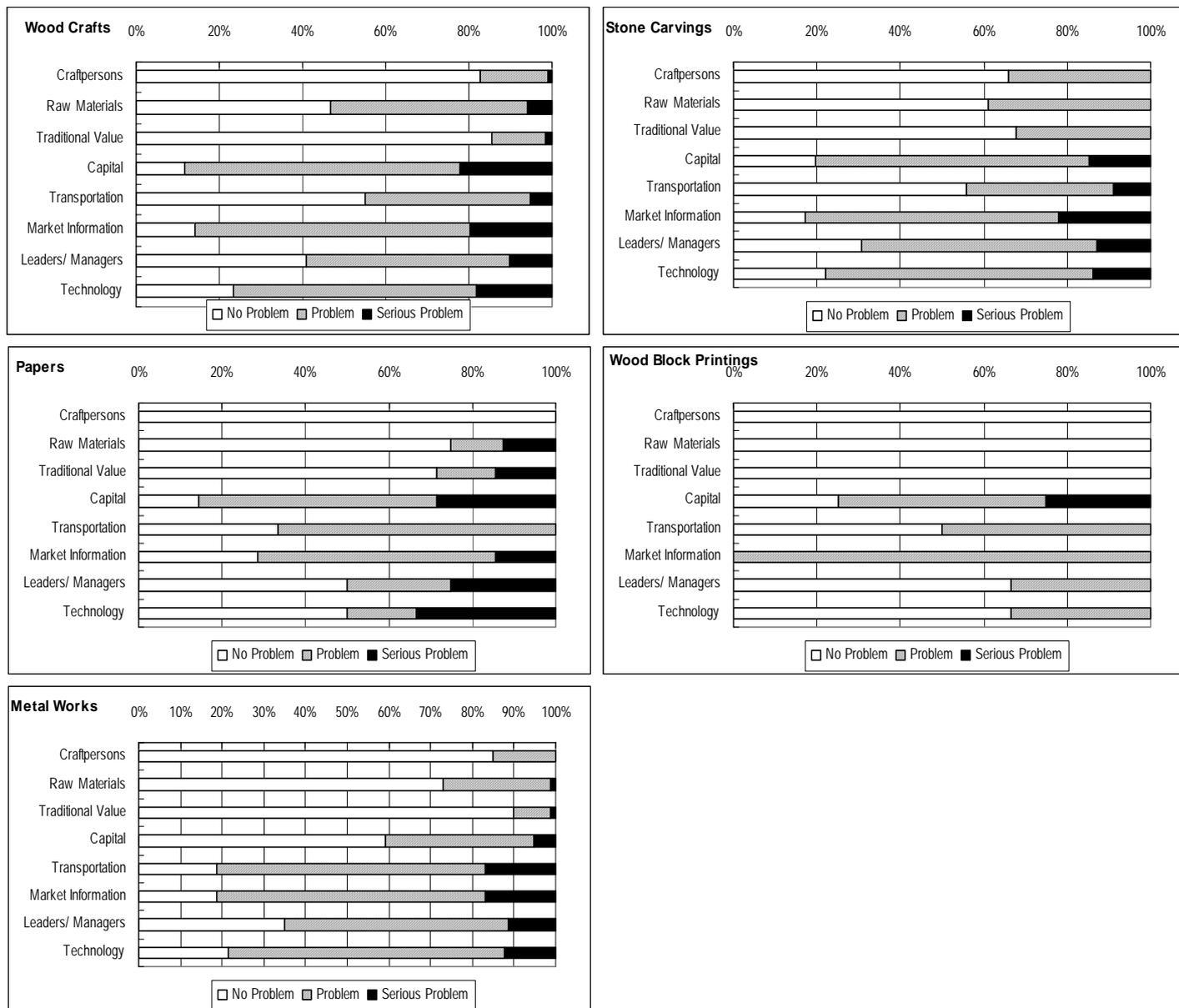
1) Figures show the share of answers of "serious problem" by commune governments to the "no problem" and "some problem" answers.

Figure 4.6.1 Awareness of Issues Craft Villages Are Facing (Part 1)



Source: Craft Mapping Survey, 2002

Figure 4.6.2 Awareness of Issues Craft Villages Are Facing (Part 2)



Source: Craft Mapping Survey, 2002

4.7 Direction of Craft Village Development

The ultimate goals of craft promotion should not be narrowed to developing the macro economy and industrializing the rural areas, but should be viewed on the level of enhancing people's standards of living, alleviating poverty, empowering minorities and women, and preserving the people's cultural values and traditions. The central and provincial governments often do not have matching objectives and directions in their respective promotional and developmental goals. Thus, it is imperative for both levels of government to understand the challenges and issues faced by the craft villages and to properly address them, as in, which should be improved by government assistance and what policy should be ideal for a particular issue. Cultural and social aspects that cannot be measured by economic figures should be considered. The following points should be taken into account to determine the directions of craft promotion and development:

- (a) **Assistance in craft villages' effort for self-reliance:** Because these are the actual craft production sites, direct assistance to craft villages are necessary for craft promotion. Although numerous craft villages have cropped up in economic centers or cultural areas in their search for better market access and infrastructure availability, most have risen in the rural areas. Unless a craft village has access to urban markets, it is rarely recognized as a craft village. Determining the willingness of a craft village to improve and be independent through craft making is likewise important. But first, a craft village must accept that it wants to develop, through craft making, and realizes that to do so it needs to surmount the problems it faces. Craft promotion by governments should not be imposed; rather, it should be given appropriately to support the objectives identified by the craft village to pursue its independence and development.
- (b) **Understanding the plight of workers and conditions in craft villages:** Most craft workers are farmers that engage in it as a sideline work to augment agricultural incomes especially during the off-farm season. The share of women involved in craft production is high. Thus, their ability to cope with both housework and craft making and the health effect of both these responsibilities should be taken into account. Farmers, craftspersons, and rural womenfolk comprise the backbone of the craft villages. Without a comprehensive understanding of their conditions and plight the goals of craft promotion will not be achieved. The development of craft villages may result in negative impacts, such as unfair labor practices, change in living conditions, and adverse environmental impacts. Earnings from craft production vary according to production mechanisms and conditions. The pursuit of

craft promotion should not be limited to increasing production quantities and product quality, but should comprehensively include other positive variables like the introduction of ideal distribution systems and better employment conditions, etc. The ultimate goal after all is not to sell more products to markets, but to improve living standards of rural villagers and to nip the age-old problem of rural poverty.

(c) **Consideration for regional characteristics:** Local craft industries influence the structure of the local industry sector and the local economy. Although labor-intensive craft industries exist around urban areas, like the Red River Delta and the northeastern south, no major accumulation or clusters can be found in other local areas where the existing abundant labor force can be absorbed adequately. Traditional crafts produced by the ethnic minorities could vanish without their cultural and commercial values being rightly recognized and attained. The mountainous area is a major source of raw materials for craft production and has a major impact on the craft industries. Regional characteristics should thus be considered when setting development objectives for the craft sector. Such objectives to develop and promote craft villages should be correspond to the needs and potentials of an area.

(d) **Linkage between governments and related agencies and with other regions:** The scale of craft villages is small and many of the poor do not have the capacity to pursue village promotion. Although there is a need for a craft village to be willing to develop, the assistance of governments and related agencies is vital. Even in areas with an accumulation of craft villages, almost no regional alliances are found. Unlimited opportunities are possible when small craft villages organize themselves and tie up with other craft village associations and with individual. Regional alliances can be strengthened by utilizing the characteristics of each craft village.

5. CURRENT CONDITION AND EVALUATION OF CRAFT ITEMS

5.1 Overview

Vietnamese crafts have developed mainly because raw materials have been available locally and used traditionally in daily life and as part of religion. Crafts have been traditionally a part of the socio-cultural life of the Vietnamese especially in the ethnic communities, usually in the production of fine art pieces.

In the 20th century, many major events took place that changed the Vietnamese crafts, not only in terms of production techniques but also in product designs. The most important event was economic reformation -- from a centralized economy to market economy where crafts have become commodities for export. Local demand for craft products has also increased remarkably. Industrial development and technological achievements have likewise directly affected production techniques. New materials have been adopted together with machines, new equipment and tools, in addition to new production organizational structure. New social lifestyles, not only of consumers but also producers, also contributed to the changes in the crafts, which are reflected in the increased demand for craft products with cultural and traditional values. As a result, craftsmen are now more open-minded and have more job opportunities rather than fixed with traditional production activities.

All these social, technical and technological changes have had impacts on craft production, though to varying degrees. These changes are shown clearly in the current condition of existing crafts.

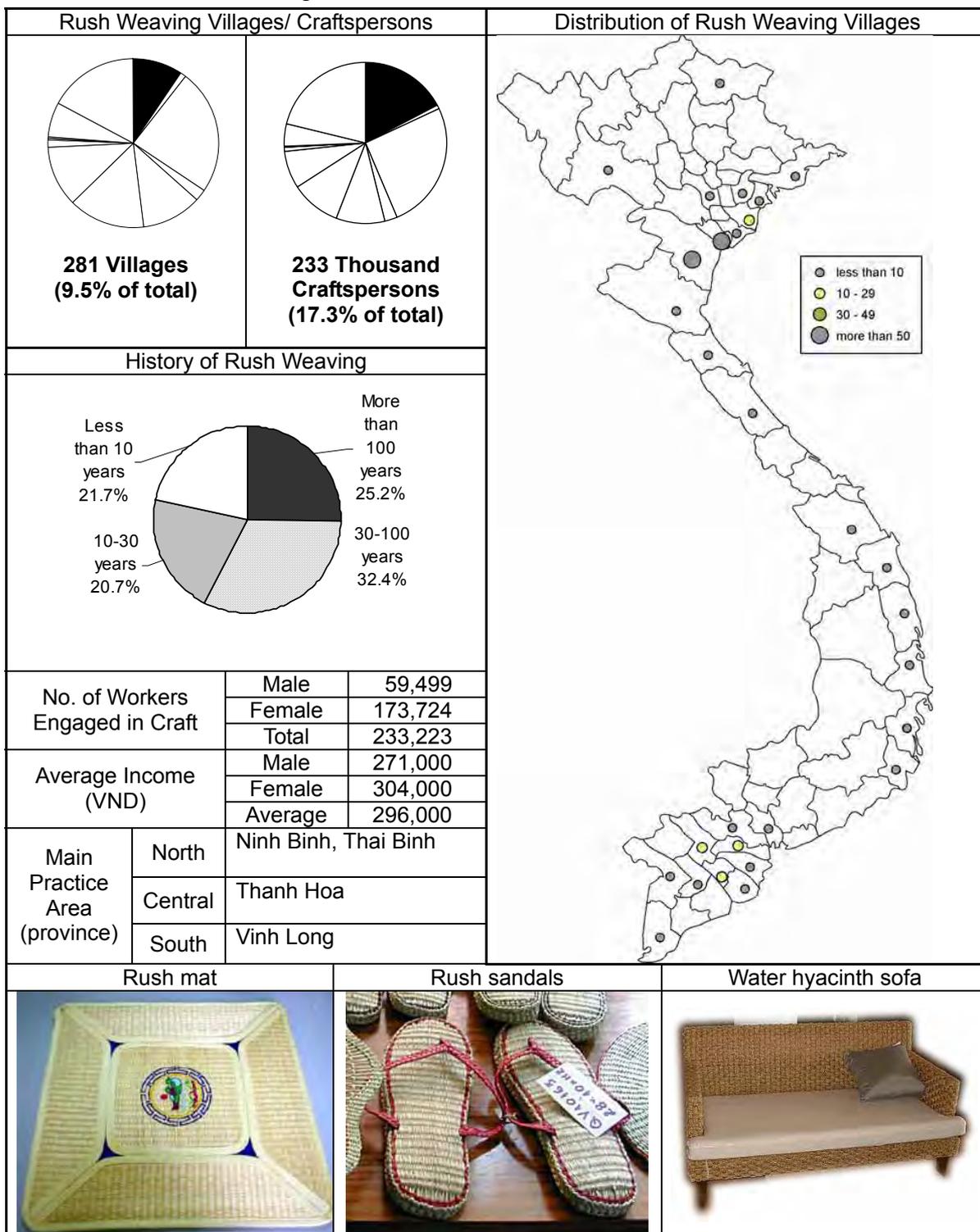
In this chapter, an evaluation of the production systems (raw materials, product quality, labor, etc.) and market and distribution system is provided, and the direction of development and promotion is proposed on the following eleven (11) crafts:

- 1) Rush weaving
- 2) Lacquer craft
- 3) Bamboo and rattan craft
- 4) Ceramics
- 5) Embroidery
- 6) Weaving
- 7) Woodcraft
- 8) Stone craft
- 9) Handmade paper
- 10) Woodblock printing
- 11) Metalwork

5.2 Rush Weaving

1) Overview

Figure 5.2.1 General Information on Rush



Source: Craft Mapping Survey, 2002

Rush weaving, which has a long history, has two main types, namely rush mats and knitted rush products. In the 10th century, during the First Le Dynast, rush weaving became a major craft in Thai Binh. Around the 15th century, more advanced weaving looms were introduced from China which further improved the beauty and design of Vietnamese weaving. Today, countless rush weaving villages are spread throughout the country, especially in Ninh Binh and Thanh Hoa provinces. From the 60s to the 80s, a large number of cooperatives were established and exportation of rush products started. In the nineties, following the opening of Vietnam to the foreign market, rush weaving was revitalized and exports increased. Sustaining further growth entails addressing issues like continuation of product development and ensuring sustainable raw material supply.

2) Production System

- (a) **Raw Materials:** Rush grows well along river deltas, particularly in marshlands containing aluminum near coastlines. It is endemic to several parts of Vietnam particularly in Ninh Binh in the north; Thanh Hoa in central Vietnam; and Dong Thap in the south. Because the amount of rush required for production fluctuates along with shifts in market demand, planting schedules are hard to meet. There are several types of rush based on length, color, durability, etc., which brings about great variability not only in quantity but also in the requirements for growing them. Therefore, there is a need for proper plantation planning that will encourage diversification of planted rush and will improve their quality rather than quantity. Raw materials are mostly sold by middlemen, who bring them to producers, or they are purchased by weavers at local markets.
- (b) **Production Process:** Raw rush materials, after harvesting, are dried and put into splitters to adjust the size of rush threads to suitable sizes for target products. Rush threads are dried again prior to being used. There are two types of production processes for different types of rush products. One is similar to weaving which uses twisted threads to produce rush mats. Another is manual knitting to produce smaller rush items. Most of the production stages are done by hand. Though the weaving technique utilizes looms and twisting tools, operations are done by hand. Most of the craftspersons involved in rush weaving are women, especially in the weaving and knitting stages.
- (c) **Techniques and Quality:** The making of rush products basically does not require great skills. A short-term training or household apprenticeship is often enough to learn its fundamental techniques. Weaving is still mostly done manually. A craftsperson tends to take care of the whole process that he is involved in, thus

standardization and quality control is hard to realize. Machines for splitting and pressing rush threads are also used, which are quite simple. Sulfur is used to prevent molding for a certain period of time only. Production enterprises apply quality control at every production stage but other enterprises ensure quality only when products are finished and collected by them. The major problem at the moment is unimproved raw material quality and there are insufficient proper raw materials for high quality products.

- (d) **Labor Force:** The average population of a rush weaving village is 2,118. Approximately 815 are directly engaged in the production, which is 38% of the total. Production is commonly done during off-farm seasons as a way to supplement farm incomes. Women supplement household incomes three times more than the men during the off-farm seasons. The average income per month is approximately VND 271,000 (about US\$ 18.1) for male weavers and approximately VND 304,000 (about US\$ 20.2) for female weavers, which is higher than earnings from farm work. Many people are engaged in rush weaving regardless of age and gender. It has a wide workers' age range, from as young as 10-year-old workers to over 60-year-olds.
- (e) **Production Mechanism:** Production is mostly conducted within households by women during their leisure time and with the assistance from the elderly and the children. In rush craft villages where cooperatives and small enterprises have been established, they organize production of high-quality products and provide jobs for households working as subcontractors. A number of big enterprises are providing financial assistance to set up production groups in craft villages for easy and smooth production and collection. Products for domestic markets can be sold via middlemen or enterprises by producers, while those for overseas markets are collected by big enterprises.
- (f) **Working Environment:** Living and working areas are commonly adjacent to each other. The working environment is generally favorable. However, certain processes, such as the use of sulfur treatment, drying, and dyeing, which require the use of chemicals, are performed within residential spaces, making them hazardous to health.
- (g) **Products:** Rush products come in several varieties, although most items are for daily use. Woven products, such as mats and carpets, are popular, followed by smaller items such as bags, cushions, etc. Knitted products, such as baskets, boxes, trays, hats, and bags, have different designs. Mats are mostly sold in the domestic market while knitted items are for export or sold to tourists.

3) Market & Distribution System

- (a) **Domestic Market:** In the domestic market, craft villages mostly deal directly with private enterprises in the villages or provinces. Products are sold to export companies through these private enterprises.
- (b) **Overseas Markets:** The presence of large enterprises in the craft villages make the probability of exports to such foreign markets as Taiwan, Korea and other countries possible. The dearth of people well versed in the export business makes it hard for the small-scale enterprises, production groups, and craft households to gain access to the overseas markets without the mediation of middlemen.
- (c) **Distribution System:** The distribution chain starts from the craft households acting as subcontractors, then it goes up to the small-scale production groups, to in-village private enterprises, the private enterprises in urban centers or provincial capitals, then to the export companies in the urban centers. A lot of middlemen are involved throughout the chain, which is also the reason why producers are not well rewarded compared with the profits made by the companies. Commonly, a weaver at the craft household level receives a mere VND100,000, or approximately US\$ 6.6.
- (d) **Design:** Most craft villages have yet to meet international design standards, which imply that the raw materials are sometimes exported. The skills-based production makes it difficult to add value on finished items except on the uniqueness of their designs. A lot of clients provide their own designs taken from catalogs or magazines for mass production and this has a limiting effect on the creativity of weavers to come up with new designs on their own.
- (e) **Market Evaluation:** The popularity of Vietnamese rush products in the overseas markets is high, especially its carpets and mats, which are favored in Europe. Also items such as mats, baskets, and slippers, are quite popular at household-goods stores in Japan. However, supply fluctuates by season and because of their cheap retail prices they end up with mass retailers who sold them as cheap products. The popularity of rush items, in effect, does not mean stable income sources for rush weavers. Furthermore, Vietnamese rush products cannot compete with the prices of Chinese made rush items and they still lag in quality compared to Japanese made products. And whereas the overseas market prefers simple designs, local design is still replete with variegated colors and sketches. In the overseas market, unnecessary decorations commonly reduce product value. To gain stability and market competitiveness, gaining understanding of market preferences and designs and improving those that are uniquely Vietnamese are additional and necessary value inputs.

- (f) **Rival Countries:** There are several materials in other countries which are similar to rush, i.e. water grass called “sea grass”, flax or “abaca fiber“ etc. Other countries use these materials to produce comparable craft items. The characteristic of their products is the emphasis on the uniqueness of the natural material and the originating country.

Box 5.2.1 Seagrass Crafts

Seagrass is often planted and grows well in saline and acidic soil. There is an abundance of seagrass in Vietnam. But the quality of seagrass is unstable and greatly affects the quality of the finished product. Besides, Vietnamese producers are still importing substantial amounts of seagrass from Cambodia, which is 3-10 times more expensive than the local one. The domestic market for seagrass crafts is stable, because Vietnamese people are fond of using seagrass mats, though plastic mats are slowly substituting them. Besides, seagrass crafts are getting popular in the international market, especially in Japan, because they are similar to the Japanese “tatami” (rush mat). “Uzu” is a kind of seagrass, which is imported from Cambodia. Despite the high price of the material, many traders and producers in the south (Vinh Long, An Giang, HCMC, etc.) import it and produce crafts such as mats, cushions, bags for tourists, etc. To promote Vietnamese seagrass crafts, design of items and treatment of seagrass should be seriously considered.



Source: Raw materials survey by HRPC

Box 5.2.2 Water Hyacinth Crafts

Water hyacinth is a fresh water plant. Because of its new usage the demand for water hyacinth has recently increased. Furthermore, Some provinces, like An Giang, Khanh Hoa, Binh Dinh, Phu Yen, and Dong Thap, are popular for their water hyacinth crafts like chairs, tables, baskets, bags, containers, etc. Some products made from water hyacinth are now being produced in Ha Tay province (Ninh So, Thuong Tin) and Ha Nam. The height of water hyacinths in the north is shorter than in the south, thereby creating diverse products.



Source: Raw materials survey by HRPC

4) Direction of Development and Promotion

Rush weaving is considered suitable in many rural coastal areas in Vietnam. Raw materials abound locally and products can be created through relatively simple techniques. What is significant is rush weaving provides farm families with additional income during off-farm seasons. Domestic demands have a potential to grow as standards of living in Vietnam improves. Its popularity in overseas markets is also growing especially in Europe and other Asian countries. For the industry to help create jobs and increase rural incomes requires both short- and long-term strategies, i.e. developing products meeting market needs and securing raw materials, respectively.

- (a) **Raw Materials:** It is important to formulate a planting program for local rush plantations with adequate attention on retaining variety so as to ensure the supply of appropriate materials to produce a wide range of articles. New researches on

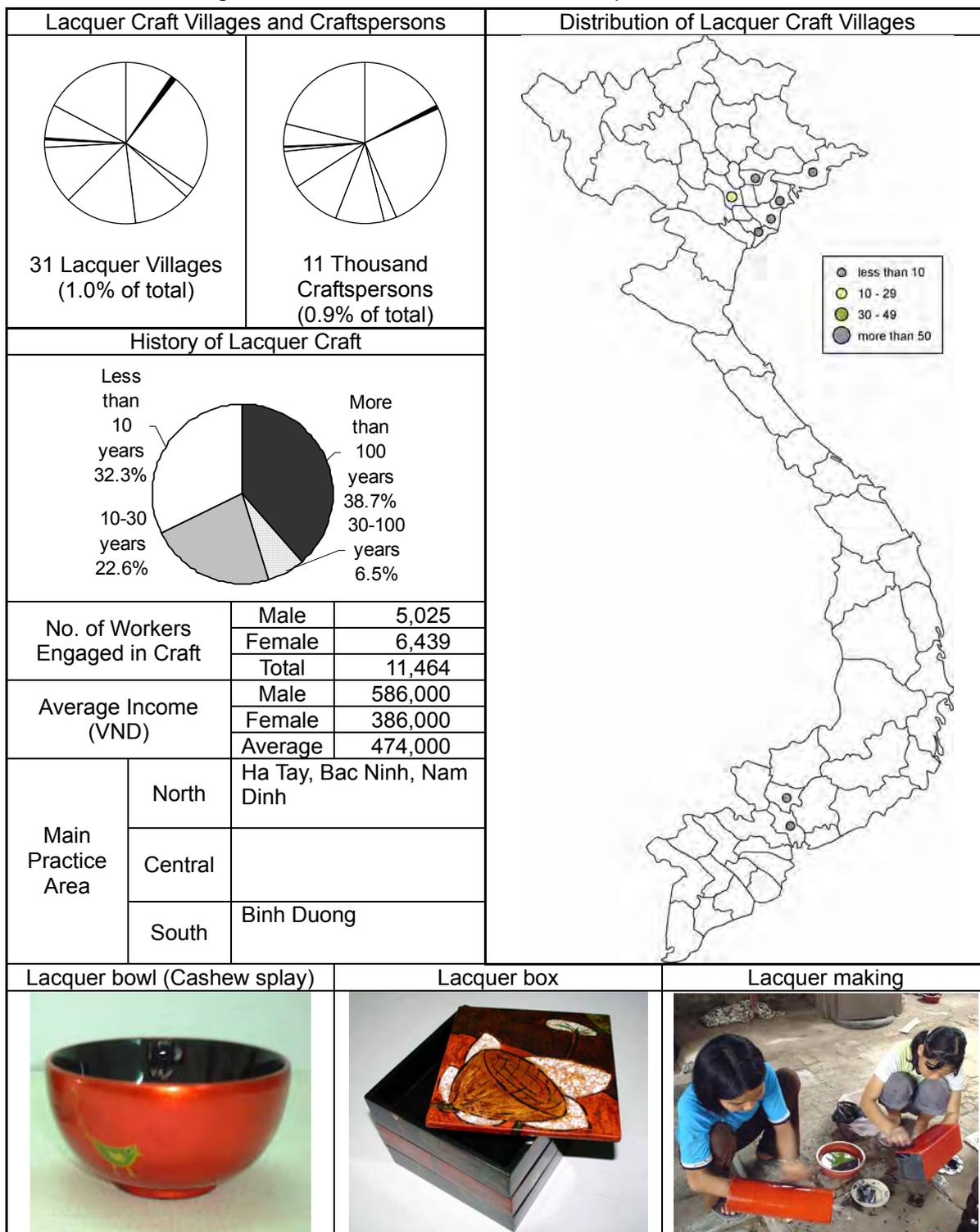
rush species and propagation methods are also recommended to improve raw material quality.

- (b) **Production Technology:** There is a need to improve and perfect production tools and equipment, such as rush splitters, driers, rush twisters, etc, as well as processing methods to prevent molds. Also recommended is the introduction of a definitive rush classification system so as to meet production requirements of different rush products, and help improve quality control in each production process, from materials processing, splitting, twisting, to dyeing and knitting, etc.
- (c) **Improvement of Production Skills:** Methods on how to create sophisticated rush knitting techniques that produce fine and high value items should be taught more widely. Furthermore, rush weavers should be inculcated with a high sense of craftsmanship or a sense of art in their production. They also should be provided with information on craft usage in other countries. Skilled craft workers who have abilities to make new designs and products should also be cultivated.
- (d) **Protection of Traditional Values:** The main traditional value of rush weavings is the material's softness which suits products used in simple daily activities. Rush products though basic in shape are produced using sophisticated techniques allowing rush threads to be knitted firmly to each other.
- (e) **Improvement of Product Quality:** Design development should be included in improvement and development plans in order to attain the full market potential of major rush products such as mats, cushion, baskets, bags, small boxes, etc. Designs should also apply to product details so that a finished product can fully function as expected. Other materials, such as fibers, small wooden nuts, cloth bands, etc. can also be used to improve functionality and beauty.
- (f) **Market Cultivation:** Because the Vietnamese market has long been used to traditional designs and functions, such as mats, baskets, etc., new designs with higher quality and value will have high consumption potentials in the domestic market. New things should be added into old or ordinary designs or products and small souvenir items can be popular for the tourist market. However, it is important that design promotion goes hand in hand with efficient marketing and quality improvement schemes especially for the exports market.
- (g) **Improvement of Working Environment:** Most rush weavers are poor and work in often untidy, dark and poorly maintained workplaces, which negatively affects not only their health but also restricts product quality. Organizing production sites for cooperatives and small enterprises is thus important.

5.3 Lacquer Craft

1) Overview

Figure 5.3.1 General Information on Lacquer Craft



Source: Craft Mapping Survey, 2002

Since 2000 years ago the Vietnamese had learned to use lacquer to paint their boats as well as their wooden and bamboo water tanks in order to make them more durable and waterproof. When they learned to add color to lacquer with vermilion, it was used to beautify objects for rituals and worship, especially for temples, pagodas and other architectural edifices. The popular traditional colors were black, red and metallic yellow. Lacquer was also used to coat household appliances of the rich such as trays, boxes, cabinets, etc. By the early 20th century, artists and master artisans used lacquer mixture techniques and experimented with new ones using new materials, which could generate new and better styles and designs for lacquerware. Thus came into being new lacquerware generations have unceasingly developed and appreciated in domestic and overseas markets. Lacquerware villages are relatively small in number, and are mostly located near urban areas. Recently, to promote exports through competitive pricing, chemical lacquers have been imported from Japan and used, together with chestnut lacquer, to replace traditional Vietnamese lacquer. A method called “single drawing layer” technique is also preferred to the traditional one that requires artisans to make several drawing layers on items.

2) Production System

(a) **Raw Materials:** Lacquer trees grow in both dry and cool climates. Vietnam produces up to 400 tons of lacquer per year. Local consumption for craft producers in Binh Duong, Ha Tay, HCMC, Nam Dinh, etc. is about 50 ton/year. The balance is exported to China. The content of water and other elements in Vietnamese lacquer is different from that of Japanese and Chinese lacquers. Lacquer trees are mainly endemic to the provinces of Phu Tho and Yen Bai. The countless craft enterprises and villages in the north get their lacquer from Phu Tho, which costs about VND 50,000/kg, or from cashew lacquer which costs about VND 15,000/kg. Others import their lacquer from China. Cambodian lacquer is commonly used in the south because of its proximity to that country. Due to the steep price of material and the desire to reduce costs, several enterprises have used cheaper alternative materials and new techniques. The decreasing demand for lacquer is due to the use of chemical coating and the planting of new tree species, which has resulted in the scarcity of traditional lacquer. Collected lacquer is stored by vendors and then sold to craft enterprises. Individual lacquerware makers purchase them either from middlemen or enterprises, or in the shops along Hang Hom Street in Hanoi. Bamboo and wood are commonly used as body in addition to baked clay, cloth, compressed pulp, and other materials. Local soil, stone, eggshell, seashell, colored powder, etc. are used as embellishments adding value to their aesthetic design.

- (b) **Production Process:** Two types of coating techniques are practiced using different resin blends. One is oil coating, which does not require polishing by blending an oil substance called “*trau*” with lacquer. The other is blending pine oils with lacquer which requires polishing. The latter uses traditional techniques and requires the repetition of its coating and drying processes. Every 11th to 13th coating requires three days of drying, which means that an average of 45 days is needed to complete the whole coating process. Today, although automatic mixers are used to cut time, quality is not as good as those done by hand.
- (c) **Techniques and Quality:** Creating lacquerware requires specialized skills and an aesthetic sense on the part of the craft maker. A delicate regimen involving a series of fine coatings, constant polishing, and proper drying is adopted in producing beautiful lacquerware. Quality is, basically, dependent on three major factors: the frame (bamboo, wood or ceramic), the lacquer and the decoration. Bamboo frame is widely used and cheap, but grafted and spun bamboo is not stable, easily deforms and cracks under climatic changes. The quality of frame depends on the treatment of bamboo as well as the glue used. Recent complaints from buyers have pushed producers to use MDF as a substitute to improve frame quality. Besides frame quality, the quality of frame processing is often quite poor, not because of poor workmanship but commonly due to carelessness. Vietnamese lacquer is soft due to its high rubber content and easy to coat on complex objects, such as bamboo, polish and retouch. Quality control is thus required at several phases of production, like checking raw material quality, temperature and humidity controls, drying time management, etc. However, the common practice is by visual and tactile checking. Only few large enterprises use equipment for quality control.
- (d) **Labor Force:** The average population of a lacquer craft village is about 2,000, with approximately 370 people directly engaged in it, or 18.6% of the total village population. Many are full-time craft workers. Urban migration of young lacquer craft workers seeking work and better pay in urban enterprises has been increasing. Village enterprises usually engage about a hundred workers in the production process. Body making, coating and polishing are usually subcontracted to smaller enterprises or craft households. Male craft workers earn an average monthly income of VND 586,000 (which is equivalent to US\$ 39.00). Craftswomen earn an average of VND 386,000 (equivalent to US\$ 25.70). These amounts are higher than earnings from other craft making. It is not rare for highly skilled craftspersons to earn more than VND 1,000,000 (equivalent to US\$ 66.70) a month. Age of workers range from as young as 10 years old to over 60 years old. Majority of the workers are male.

Box 5.3.1 Composition of Lacquer

The concentration of *urushiol* (main component of lacquer) determines the quality of lacquer. High quality lacquer in Japan and China contains high concentrations of urushiol. If the concentration of urushiol in Vietnamese lacquer (now approximately 40%) can be adjusted from 55% to 70%, it will be good for the Japanese market. Lacquer in Wajima¹⁾, Japan, has 55-58%. The Chinese prefers over 58%, if processing technology is available. Due to lack of processing technology, Vietnamese lacquer has been exported to China at very low prices (30 yuan/kg, USD 3.6/kg. China re-processes it and exports it to Japan at USD 8-10/kg (almost three times more expensive).

Country	Moisture	Lacquer	Rubber	Nitrogen	Total
Vietnam (Phu Tho)	36.9	44.1	13.5	2.0	96.5
China	28.1	59.9	5.8	2.2	97.1
Japan (Wajima)	20.5	65.8	5.4	1.8	94.5

Local lacquer trees have recently been cut down because of their low economic efficiency. If Vietnam can invest in processing technology then the exportation of lacquer will bring a considerable turnover for the country. Some Japanese lacquer production companies have tried to develop Vietnamese lacquers, but because of the difference in contents and quality, most import lacquer from China.

Source: Raw material survey by HRPC and interview of Japanese company in Wajima City, Ishikawa, Japan.

1) Lacquer ware in Wajima, called "Wajima-Nuri", is a traditional Japanese lacquerware with more than 600 years of history. Wajima-Nuri is the most famous and beautiful lacquer in the world. The word "Japan", besides referring to the country has another meaning, which is "lacquerware".

- (e) **Production Mechanism:** Traditional lacquerware and lacquerware for export have different production mechanisms. Highly skilled craft workers who produce finely crafted items usually work independently, have their own workshops and manage every step of the production process. Lacquerware for export come in two types. The cheaper one using cashew nut resin for coating is produced by small-scale enterprises or craft households. Small-scale enterprises are located in the craft villages and employ an average of 30 to 400 workers for diversified labor production. Craft households are subcontracted by enterprises and are in charge of certain production process such as body crafting, coating, polishing, etc. Their clients are usually importer-exporters located in nearby big cities. The other type of lacquerware covers well-designed items used for quality interior decoration often produced by enterprises located near urban areas. The adoption of machines not only helps in mass production but also makes quality improvement possible.
- (f) **Working Environment:** Workshops are commonly dark and enclosed. Sanitation is usually bad. Chemical coating is hazardous to eye and skin. Because spray coating is relatively simple it is sometimes handled by young female workers without, or using improper, face covering. Health risks are high due to the non-use of proper protective gear. Moreover, chemical substances, such as oil from the coating, which contains toluene, or cashew net resin coating, are hazardous to the environment. Traditional processes and techniques are likewise dangerous as they produce dust particles during the body-making process and liquid effluents during the polishing process.

- (g) **Products:** Products range widely from dishware, furnishings, furniture, lacquer paintings, etc. to boxes and trays. In the north, dishware, boxes, trays, and lacquer paintings are made around Hanoi. In the south, larger items, such as furniture and furnishings, are produced around HCMC. New techniques have been adopted as well as new designs for dishware, decorative items and furniture for overseas markets. Lacquerware produced by traditional methods has a subtle matte finish. Those using newer techniques or materials to reduce production time have a shiny gray finish. New items combining wood and lacquer are used which maximizes the soft and shiny character of Vietnamese lacquer. Vietnamese lacquer painting is unique and popular among foreign tourists. Galleries dot Hanoi, HCMC and Hoi An and works by famous painters sell at high prices.
- 3) Market and Distribution System:
- (a) **Domestic Market:** Items for the domestic market are usually trays, small boxes, plates, small vases, wall decor, screens, and Buddhist statues which are produced for everyday use and are made in the craft villages. Markets for these items are not limited to Hanoi or HCMC but also other places. Hue generates a high demand because of its appointment as a World Heritage site and in Hoi An where souvenirs for tourists are sold in historical buildings.
- (b) **Overseas Markets:** Nine out of 31 villages have gained access to international markets because of their location in urban areas. These markets are mainly Korea, Taiwan and the European countries. Items are mostly glossy and colorful and used as decoration rather than traditional varieties.
- (c) **Design:** The crafting of fine traditional and cultural items, such as religious objects, trays and boxes, usually employ traditional techniques. Although they have a variety of decorative inputs (e.g. seashells, eggshells, etc.), their designs are limited. The production of items that use new techniques is mainly for export and mass production, since they are based on cheap labor. These have varied designs and meet market requirements. New designs have been created for interior decoration, and others in combination with other materials. Some enterprises hire foreign designers to improve designs. Currently, focus is on simple designs and use of dark colors. Spray coating particularly allows application on any design and figure; thus, creating high potentials for design development.
- (d) **Market Evaluation:** Finding traditional lacquerware in the market is difficult. Most items in souvenir shops are chemical- or cashew nut resin-coated products, which are mainly exported to European countries, like Italy, rather than to Japan where

high-grade lacquerware is preferred. Vietnamese lacquer exports are considered to be of lesser quality and cheaper compared with Japanese and Chinese lacquer items. As the quality of lacquerware gradually improves their potential will correspondingly expand. The traditional methods should be applied using high quality lacquers for markets like Japan. Besides, more and more designs should be targeted for the EU and US markets. Market segmentation should be applied.

- (e) **Rival Countries:** Lacquer is a unique material found only in Asia especially in Japan, Korea, Taiwan, China, Myanmar, Thailand, Cambodia, and Vietnam. Each of these countries has a different kind of lacquer and produce different types of products. Japanese lacquer has the highest quality and its creation employs advanced techniques which make it comparatively expensive. Demand for Chinese lacquerware with similar quality to its Japanese counterpart is increasing. Product development, particularly for chemical-coated products, is improving in each country. Retail pricing and design are thus the key elements in differentiating and competing with other lacquer producers.

4) Direction of Development and Promotion

Lacquerware is a notable Asian traditional craft. Vietnamese lacquerware goes way back, almost evolving with its religious past and culture. Because it requires excellent craftsmanship, there are only a few who study and become highly skilled at it, thereby militating spreading nationwide. Preserving and restoring its traditional values will require industry research and study, such as its history, technology, arts, etc. The development of an export-oriented lacquer craft with emphasis on distinct Vietnamese characteristics is important.

- (a) **Raw Materials:** Reforestation of lacquer tree plantations in Phu Tho, where natural conditions favor the growing of lacquer trees that provide high-quality lacquer, is important. At the same time, new species of lacquer trees should also be planted in other suitable lands. Other corollary materials, such as additives, color powder etc., also need to be developed including the preservation of gold and silver laminating techniques. Other materials that could serve as base bodies for lacquer items should likewise be developed.
- (b) **Production Technology:** At present, knowledge on lacquer by craft workers is still insufficient. Workers tend to work their way to gain experiences and many do not have mastery of technical conditions. First, the improvement of lacquer processing techniques to avoid wastage and to standardize lacquer quality is needed. Apart from reviving and improving traditional body processing techniques, it is important

to identify and assess other recently developed methods. The use of machines to process lacquer and make other forms of lacquerware should also be considered. Reviving traditional techniques that utilize the multiple drawing of layers is likewise significant. Besides traditional techniques, it is necessary to develop mass lacquer production techniques to serve ordinary consumers.

- (c) **Enhancement of Labor Quality:** Firstly, it is important to educate craftspersons about lacquer craft and traditional values, and to explain the efficiency of technical solutions in order to drive them from current unprompted and unreliable productions. Lacquer craft requires sophisticated techniques and creativity, which simple training methods cannot teach. Formal training in techniques and skills improvement as well as aesthetics is important. It is proposed that separate trainings be given to three groups of craft workers, namely: body makers, core makers and decorators, in addition to designers.
- (d) **Preservation of Traditional Values:** In order to preserve unique traditional features of Vietnamese lacquerware, it is important to first revive, use and promote traditional lacquer-making techniques using traditional raw materials before moving on to modern techniques using new lacquer types. On body-making, it is important to retain multi-layered coating technique (e.g. 11-13 layers), shifting from the use of lacquer with the biggest particles (e.g. mixture of pulp and soil) to one with the finest particles (e.g. well-mixed and stirred lacquer). In terms of decorating techniques, the multi-layered drawing technique should be revived, in addition to drawing techniques using silver lines.
- (e) **Product Quality Improvement:** Two general types of lacquerware should simultaneously be promoted, the traditional lacquerware with high artistic value and new lacquerware catering to modern trends. Apart from artistically fine lacquerware, daily items, such as bowls, plates, tables, chairs, boxes, cabinets, trays, etc., should be more creatively designed. Lacquerware can be made using new production techniques. More attention should be paid to combinations of materials, such as addition of bamboo, metal, ceramics, wooden parts, etc. In order to improve quality, standardization of production techniques, such as in core making (to provide the product with stability), coating, drawing etc., should be considered indispensable. Equipment and tools for quality control, such as those to measure oil content in the lacquer, the humidity and temperature in incubation chambers, etc. are also needed to achieve quality control over each process.
- (f) **Market Cultivation:** The domestic market should be given special attention as living standards are remarkably improving and the people are starting to use

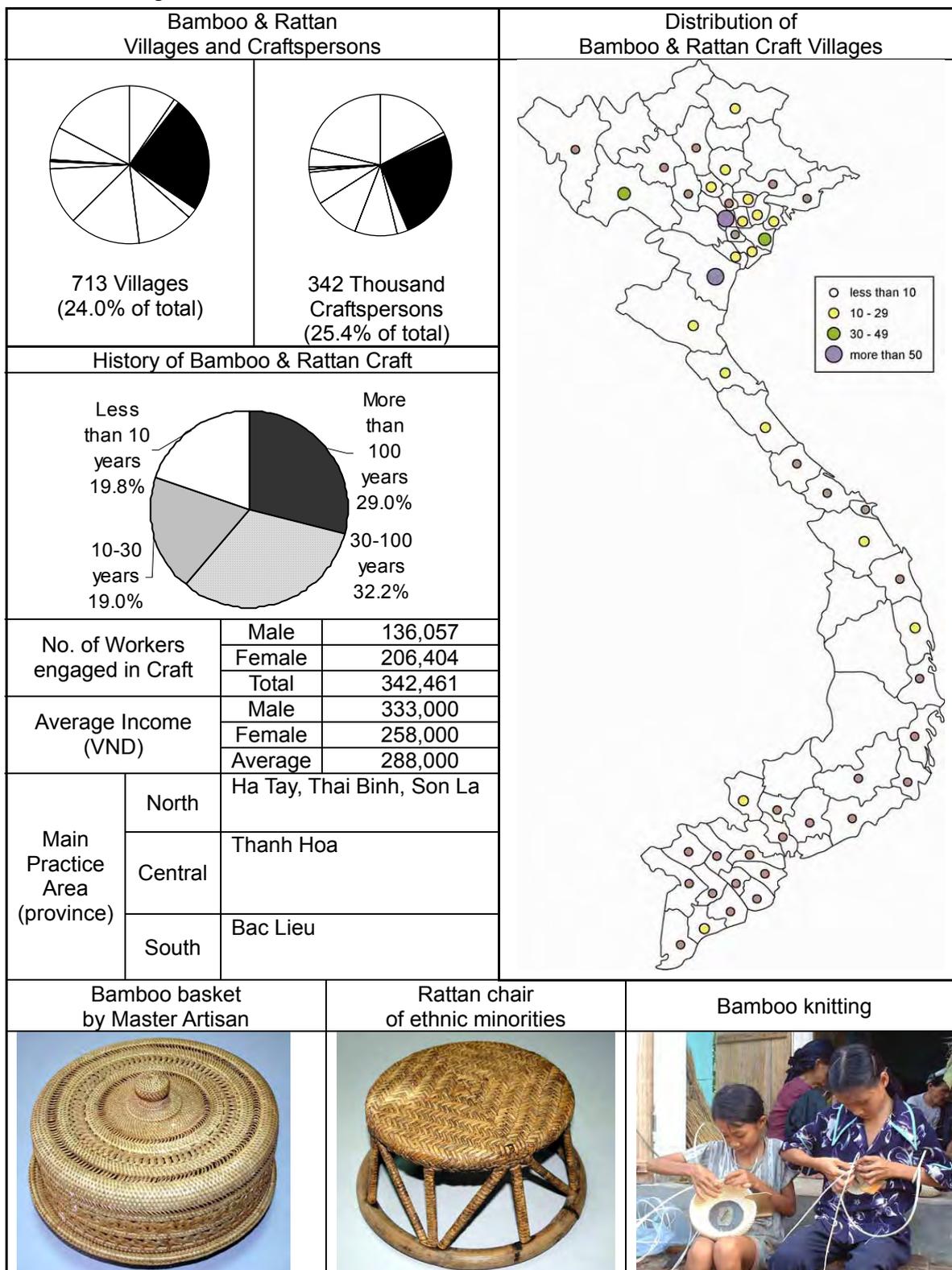
lacquerware both for utility and decoration. Useful lacquer items, such as plates, are being sold more than those for decorations. Apart from introducing new products to new markets, it is also important to study demand and popular items in existing markets in the process of product development and export promotion.

- (g) **Improvement of Working Environment:** Lacquerware production requires division and professionalization of labor, which is quite suitable for workshops. Because core and body-making processes require larger working spaces and release great amounts of dust and wastes, logically they should not be conducted within household premises. It is necessary to assist villages and enterprises that have adequate lands to construct separate workshops or factories in proper locations to avoid environmental pollution caused by lacquer, dust, and effluents. Decorating processes can be done either at home or at workshops, provided sufficient light is available. Since the decorating process must not be done in a dusty environment they should be done separate from body-making areas.

5.4 Bamboo and Rattan Craft

1) Overview

Figure 5.4.1 General Information on Bamboo & Rattan Craft



Source: Craft Mapping Survey, 2002

Bamboo and rattan craft items are the most typical of the Vietnamese craft products. It also has a long history like Vietnamese textile. The mapping survey counted the existence of 713 bamboo and rattan craft villages, comprising a large 24% of all types of craft villages. It also had the largest number of workers with a labor force composed of 342,000. The bamboo and rattan craft villages are distributed nationwide, with more than half located in the Red River Delta. Rural craft workers, including ethnic minorities living in the mountainous regions, have been making common craft items such as trays, baskets, etc. Bamboo and rattan items are commonly made of simple and similar designs that do not generate much income for the craft workers. Monthly average income is approximately VND 290,000 (equivalent to US\$ 19.30). Although earnings are not that high, the industry's labor absorption is quite good. Moreover, the required initial investment is low, making it a popular venture among craft makers near urban areas as well as the mountainous regions. Although more than half of its market is domestic, export volumes has been increasing due to their competitive prices, improving quality, and the general popularity in the world market of Asian crafts. Differentiating and stressing the uniqueness of Vietnamese bamboo and rattan crafts from similar ones made by other Asian countries and how they will fare with the competition are the issues that need to be addressed.

2) Production System

(a) **Raw Materials:** Although bamboo and rattan grows endemically across Vietnam, unplanned cultivation, prolonged exploitation, and deforestation, of rattan in particular, is making them scarce. This has resulted in the sourcing of raw materials from far-flung areas, thereby hiking capital inputs and ultimately increasing retail prices. Raw material quality is commonly unstable due to harvesters' lack of knowledge and quality judgment, and because the collected raw materials are often treated carelessly. Currently, there is no data on distribution, deforestation and cultivation of rattan. The continued supply of raw materials is necessary for sustainable development; thus, the industrial sector should consider producing supplementary materials, which should be better managed. Imported adhesives and polishing materials are purchased from urban areas usually through mere word-of-mouth; thus, their quality and prices are commonly not appropriate. Meanwhile, the volume of bamboo harvested throughout the country differs by region. Bamboo poles used for craft production are harvested throughout the year. It takes around 4-5 years for a bamboo to grow and be of commercial value. The best season for collecting mature bamboo shoots is from March to August, the period wherein their water content is at its lowest. However, when they are cut down at this stage, the felling method often damages younger bamboo shoots;

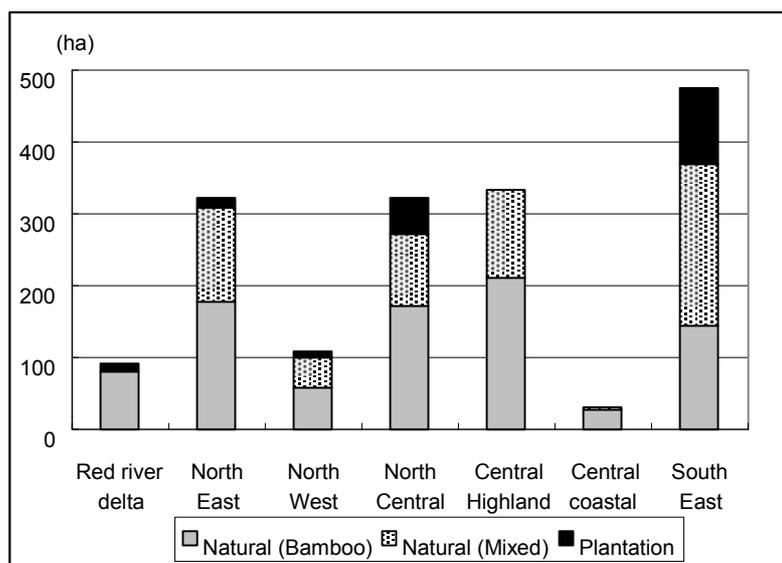
thus, the second generation of bamboo trees does not grow properly. However, harvesters who have the March to August bamboos in their inventories cannot afford to store them for long periods due to their low financial capability. Many bamboo farmers do not possess the ideal knowledge on proper planting and replanting techniques. Bamboo supplies therefore generally depend on natural regeneration and thus the sustainable supply of raw material for bamboo/rattan craft production is in danger today.

Table 5.4.1 Changes in Bamboo Coverage

Year	Natural Forest			Plantation	
	Area (thousand ha)		Volume (mil. trees)	Area (thousand ha)	Volume (mil. trees)
	Mixed Wood-Bamboo Forest	Bamboo Only			
1983	395.7	1,050.0	4,084.7	46,300	97,1
1990	498.6	1,048.6	6,022.3	43,700	47,1
1999	626.3	789.2	8,304.7	73,516	96,1

Source: Vietnam Forest Science Institute (VFSI)

Figure 5.4.2 Distribution of Bamboo by Region



Source: VFSI

Box 5.4.1 Policy on Bamboo Plantation

In the 1990s, the Government required each village to plant at least 10ha of bamboo for the use of villages. However, many villages have already cut down the bamboos and replaced them with acacias and eucalyptus trees because they have more commercial value in current markets.

In 1992, Decree No. 327 was promulgated ordering all administrative organizations to make effort in the afforestation and development of hills, mountains, forests and unused lands. Following to Decree, the Ministry of Forestry (presently Ministry of Agriculture and Rural Development) decided that the felling of bamboo should only be done in 2 – 4 years.

The Prime Minister's Decision No. 661 issued in 1998 provided for the establishment of 5 million hectares of new forests. This tremendously changed Vietnam's landscape. According to this decision, any bamboo or its by-products collected from the planted forests can be distributed to markets only with the permission of the Forest Development Branch of DARD nearby.

Source: Raw material survey

- (b) **Production Process:** Although machines are used to split rattan, the process is basically done by hand. Humidity changes often cause problems like warping, molding and bugs. Sulfur, a hazardous chemical, is used during the drying process. During the raw materials processing workers often merely cover their faces with clothing to prevent dust inhalation. Large factories practice division of labor; thus, improvement at each production level is relatively easily. The common craft household, however, finds it difficult to adopt appropriate improvement measures.

Box 5.4.2 Decreasing Rattan Supply

Rattan naturally grows in almost 70% of the total forest area. In the 1980s, rattan was exported to the Soviet Union and Eastern block countries. Their destinations changed to Taiwan and China by 1985. The export volume reached around 50,000 tons a year, excluding a mass volume which was exported to China illegally.

From 1992 to 1995, the export of rattan was banned. Rattan resources have been damaged due to overfelling and today they are in danger of extinction. One of the reasons for this is that young shoots are usually felled along with matured poles during cutting. The major rattan-producing area -- both natural growing and planted -- was Cam Xuyen district of Ha Tinh province, which produced around 2,000 tons of rattan (Song species accounted for around 80%) in the 1980s. In the past, almost 90% of rattan products were gathered from the wild. Today, however, they mostly come from the lots of farmers. In Thai Nguyen province, once recognized as one of the major rattan-producing provinces produces rattan by sourcing it 100% from the planted areas in Phu Binh, Pho Yen and Dong Hy districts. Because this province did not have replantation plans up to 2002, the production of rattan diminished already. As such the decreasing trend of rattan production will surely continue.

There are three major reasons for the rapid reduction in rattan production:

1. Overcutting of naturally grown rattan in the past
2. Restrictions in the utilization of rainforest resources
3. Delayed study on rattan development because of inappropriate knowledge

Furthermore, farmers do not like to plant rattan because of the long growing period (10-20 years for natural rattan, 4-5 years for plantation).

Source: Raw materials survey, VFSI

- (c) **Techniques and Quality:** Only simple hand techniques are required and these are usually learned through observation and apprenticeship at the craft households. Certain production processes, like raw materials processing and distillation, are done by machine. Otherwise, products are usually made by hand. Necessary tools, like knives, scissors, needles, and chisels, are locally available in the rural areas. Machine is sometimes used for splitting bamboo and rattan. However, due to the inconsistent sizes of the raw materials, efficiency is often not achieved. Because advanced craft skill is not a serious requisite in production, the quality of the final product is relatively unstable. Also, due to humidity changes, warping, molding and bugs are found in exported items. There is an urgent need for bamboo products to be treated correctly to prevent deterioration due to worms and molds. This is the most serious problem of the bamboo craft business but the producers are not easy to recognize this.
- (d) **Labor Force:** The average craft village population is 3,323, of which 493 are directly involved in bamboo/rattan craft making, or about 14.8%. Over 90% of workers reside within the craft village, while in some villages workers are from other places. The average monthly income for craftsmen is VND 333,000 (equivalent to US\$ 22.20); for craftswomen, it is VND 258,000 (equivalent to US\$ 17.20). These figures are higher than earnings from farming. In some cases, children as young as six help in the work in the craft household. Thus, issues such as working environment for women and children, should be looked into.
- (e) **Production Mechanism:** Clusters are mostly found in the north; specifically, there are 223 villages in Ha Tay province and 58 villages in Thanh Hoa province. Elsewhere, the industry is widely distributed in the central and southern regions. Provincial governments are promoting the cultivation of raw materials and the production of craft items as processed agricultural goods. However, there is still no assistance extended to clustered craft villages to organize themselves into collectives. There are four types of production mechanisms: (1) the cooperative or private enterprise subcontracts work to craft households which become the satellite station; (2) employees of a private enterprise and other workers bring home craftwork to earn additional income; (3) a craft household produces an order placed by a middleman; and (4) producers form an association and conduct business as a group (see Table 5. 4.1). Most craft villages practice types one and two. There are cases wherein producers are paid in proportion to their output. Compared to other craft items, generated income is relatively low considering the amount of labor required for production.

Table 5.4.2 Characteristics of Production Mechanisms

	Type	Advantage	Disadvantage
Case 1	Craft households become subcontractors of enterprise	Volume of work is controllable	No opportunities for craft households to develop
Case 2	Craftspersons work both at factory and home	Volume of work is assured	Labor-intensive but low income
Case 3	Craft households receive order through middlemen	Bulk order is possible	Unsteady order, no way to find out actual value
Case 4	Producers establish production groups	By organizing isolated craft households, consensus of producers and information can be obtained at once	Purpose and objective of forming a group are not understood well

Source: JICA Study Team

- (f) **Products:** Although there is product variety, most items are often employed for common usage such as plates, baskets, bags, short split curtains, etc. Some items are made based on designs brought in by foreign customers.
 - (g) **Working Environment:** Chemicals, like sulfur, and dust pollutants exist in the workplace. These are used during the drying process. To prevent inhalation of dusts, workers merely use cloths as face coverings during raw materials processing. Noise levels differ from stage to stage of the process, and this increase when machines are used. Large-scale operations can easily make improvements at each level. Furthermore, they have yet to recognize the significance of health risks.
 - (h) **Financial Resources:** Machines are used only for raw materials processing and final touch-ups, and these are usually employed by factories or big enterprises. At the craft household level, manual production prevails; thus, there is almost no need for the initial investment. Earnings are quite limited as retail prices of bamboo and rattan products are still low. The industry still does not have the financial capacity to stock materials and to invest in equipment, still mainly relying on abundant labor.
- 3) Market and Distribution System
- (a) **Domestic Market:** The bamboo products consumed domestically are mainly bamboo baskets, which are used for agricultural production (carrying paddy, rice, vegetable, etc.), bamboo mats and bamboo furniture. Most bamboo and rattan craft villages sell their products to middlemen who then sell them to stores either in Hanoi or HCMC. Many craft villages around HCMC have stable demand generated by the proximity to a large local market, and it is believed that most of the products are exported from HCMC. Items produced in the mountainous areas

in the northeast are usually for personal consumption since there is no market in nearby urban areas.

- (b) **Overseas Market:** Bamboo and rattan products are now mainly exported to Japan, Taiwan, Korea, France, Germany, and recently to Spain and US. Total export amount was US\$ 29.1 million in 1996, US\$ 38.9 million in 1998, and US\$ 52.5 million in 2000. Aggregate exports in 2000 were US\$ 13.3 million to Japan; US\$ 11.9 million to Taiwan; US\$ 5.9 million to Korea; US\$ 5.3 million to France; and US\$ 4.7 million to Germany.¹ There are also good signals that the Eastern Europe market (i.e. Czech, Bulgaria, Hungary, etc.) has great potential for Vietnamese crafts.
- (c) **Distribution System:** Raw materials – whether obtained locally or from various areas through middlemen, etc. – go through the following standard stages: raw materials processing (soaking → removal of knots → cutting by machine → manual trimming) → weaving (main body → decoration part) → final touch-up (polishing → cleaning → drying by sulfur → polishing) → delivery (middleman, domestic exporter, foreign exporter, etc. → store, urban area, tourist spots).
- (d) **Design:** There are great possibilities in diversifying design. In fact, designs for rattan and bamboo products are the richest among all craft items. New product development such as combining different materials (e.g. with lacquer, wood, ceramics, glass, etc.) is possible. Due to the lack of good design and stiff competition with other neighboring countries, most items do not meet international market demands. The commonness of design is pervasive in every village, area or store.
- (e) **Market Evaluation:** Bamboo furniture/furnishings, particularly tables and trays, are popular and demand from restaurants is high. However, their popularity relies on their cheap prices rather than the uniqueness of Vietnamese designs. Complaints about bamboo products, such as bugs or bending/warping, have been increasing especially in the overseas markets. Nevertheless, the market potential for Vietnamese bamboo and rattan products is quite big. It should be noted that Vietnamese artisans are able to come up with high-quality products and they quickly learn from each other, which imply that they can meet the demands and standards of various markets. And since product style differs from country to country, more promotional activities should be pursued with the active support of the Government so that foreign customers will come to appreciate and understand

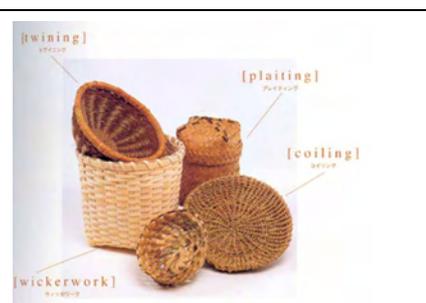
¹ ITC (UNCTAD/WTO), 2001

more Vietnam's bamboo and rattan products.

- (f) **Rival Countries:** The bamboo and rattan business in Asia is very competitive. Vietnam's main competitor for bamboo crafts is China; for rattan products Indonesia and the Philippines offer stiff competition. Indonesia is the biggest rattan producer in the world. It has developed rattan industry clusters in the Kalimantan Island and Cirebon region. Foreign interests with advanced know-how have built craft factories in these countries. Vietnamese rattan products are still cheaper than those of Indonesia. In fact, Vietnam is exporting rattan crafts to Indonesia.

Box 5.4.3 Diverse Asian Baskets

In Asia, there are various baskets which are made from plentiful natural materials. The materials are diverse, using not only bamboo and rattan, but also *abaca* (hemp in the Philippines), *ata* (species of fiddlehead fern in Bali, Indonesia), *lombok* (species of fiddlehead fern in Lombok, Indonesia), and so on. There are also many kinds of weaving methods such as coiling, wickerwork, plaiting, twining. Baskets with various designs and functions are now popular craft items in international markets as daily commodities.



Source: JICA Study Team

4) Direction of Development and Promotion

Rattan and bamboo craft is the most developed in Vietnam due to the favorable natural conditions for raw material development, abundant labor force and robust markets. It requires relatively minimal capitalization but generates fast returns, factors which make it ideal as an employment generator specifically in the countryside. Ironically, however, due to the slow improvement of quality and poor designs, Vietnamese rattan and bamboo products still have a relatively low value and can hardly help improve the current living standards of craft workers. Craft development will thus cover skills training, quality improvement and product development.

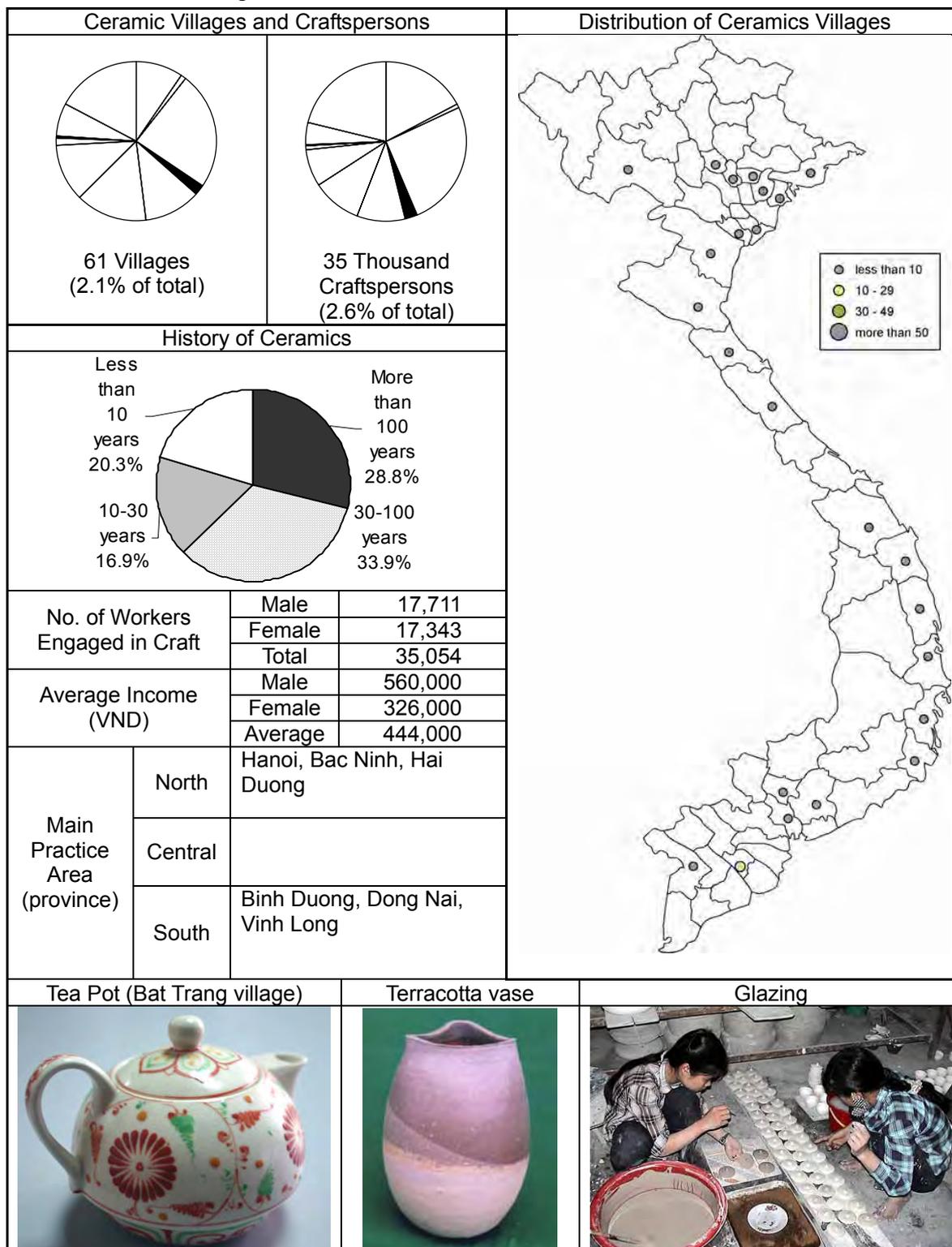
- (a) **Raw Materials:** Prolonged deforestation and raw materials exploitation have led to decreasing rattan and bamboo sources. There is an urgent need for a programmed replanting of rattan and bamboo, especially the need for them to reproduce naturally, to boost rattan and bamboo supplies and improve the rural environment. Also important are researches on improving existing rattan and bamboo species, besides importing high-quality ones, and improving propagation and exploitation methods for efficient reproduction of the materials. Furthermore, researches on the utilization of other available plants, such as grass, hay, banana spathe, lianas, etc., to diversify rattan and bamboo products are also considered necessary. Artificial threads can also be used for knitting.

- (b) **Production Technology:** First, it is necessary to improve the processing technique to prevent molds and borers as well as to make products more durable while enhancing their natural beauty. Rattan and bamboo splitters also need to be improved to generate less material wastes and produce higher-quality threads. Though knitting techniques in Vietnam are both diverse and sophisticated, the refining process is not done properly, and product values decrease accordingly. It is important to improve refining techniques for rattan and bamboo products.
- (c) **Enhancement of Labor Quality:** Although rattan and bamboo knitting techniques in Vietnam are generally excellent, it is important to improve craft workers' aesthetic and design capacities by training them properly. An awareness of the importance of refining final products and avoiding defects, no matter the size, must inculcated and enhanced. Craft workers should also be instructed on how to combine rattan and bamboo with different materials, such as wood, ceramics, lacquerware, etc., for product and design diversification and higher quality.
- (d) **Preservation of Traditional Values:** Among the craft industries, rattan and bamboo craft has retained traditional values which are reflected on the products' simple shapes and sophisticated knitting techniques. Complicated designs should be avoided.
- (e) **Improvement of Product Quality:** Vietnamese rattan and bamboo products have two major shortcomings: they are vulnerable to molds and borers and structurally unstable. These require appropriate researches to effectively prevent molds and borers as well as improve knitting techniques to properly link separate parts of the products. Furthermore, rattan and bamboo products should be more functional. Combination with other materials, such as ceramics, wood, lacquerware, and grass, is recommended to diversify products.
- (f) **Market Cultivation:** More rattan and bamboo products are now being used in the daily activities of the Vietnamese. However, most of them are souvenirs and decors. The promotion of more products with utilitarian values such as furniture etc. is needed. Export markets can also be expanded with new types of product.
- (g) **Improvement of Working Environment:** Rattan and bamboo production is suitable for the craft households and relatively environment-friendly compared with other crafts. Alternative methods for mold and borer prevention should be used instead of sulfur to better protect the producer's and the user's health. Production space for rattan and bamboo furniture, where noise, dust and wastes are common, should be separated from living areas.

5.5 Ceramics

1) Overview

Figure 5.5.1 General Information on Ceramics



Source: Craft Mapping Survey, 2002

Ceramics is one of the oldest crafts in Vietnam. Glazed ware with motifs has been made in the country for over three thousand years. Celadon ceramics and glazed ware were made around the 11th century, black-and-brown ceramics date back to the 13th century, blue-and-white ceramics around the 14th and 15th centuries, and celadon ceramics with carvings were produced by the 18th century. The 16th and 17th centuries were the zenith of Vietnamese ceramics production especially in the north. They were exported to various countries including Southeast Asia, Japan, the Middle East, etc. Ceramics villages and industries rise up where good quality clay is in existence. Craft villages engaged in ceramics are distributed nationwide including the mountainous regions. However, some villages have stopped production due to the scarcity of clay. Furthermore, the use of earthenware in common Vietnamese existence is in decline. The more popular items are white ceramics and porcelain. Technical innovations have relatively been attained as the use of machines has increased production pacing, and most are exported.

2) Production System

Aside from the enterprises, craft households also produce ceramic products. Highly skilled craft workers and artists independently create their own products in their workshops and market their works directly to retail stores in urban areas. However, production is mostly done by small-scale enterprises consisting of craft households. Machines and equipment are commonly shared among craft households due to limited capital and space. However, they still conduct separate production and sales. Most ceramics are made for export, which explains the profusion of large, medium, and small enterprises. In general, private enterprises purchase all the necessary equipment and hire workers within the village or from different areas to produce orders placed by exporters in urban areas, or they produce and sell them by themselves. Today, the number of large manufacturers has increased in urban areas. They produce their items themselves, rather than subcontracting it. Technology is used in most production systems, and they have improved capacities in design and product development. These operations usually have access to overseas markets and have enough labor force to produce goods for exports.

Table 5.5.1 Characteristics of Ceramics and Major Production Areas

Category	Baking Temperature	Characteristic	Major production Area (Province)
Earthenware	800°C	Coarse and heavy. Clay is used and made by hand. Unglazed.	Binh Thuan, Ha Nam, Quang Nam, Nghe An, Ha Tinh
Brown glazed earthenware	1050°C	Fine and heavy. Made by hand or molds.	Quang Binh, Vinh Phuc, Hai Duong, Thanh Hoa
Porous glazed earthenware	1050°C	Coarse and porous. Made using molds. Glaze in colorful colors are used.	Binh Duong, Dong Nai, Vinh Long
White glazed earthenware	1150°C	White and fine. White clay or Kaolin clay glaze is used. Mostly made using molds. Various motifs are drawn.	Hanoi, Binh Duong, Dong Nai, Quang Ninh
Porcelain, semi-porcelain	1250°C	Fine and light. Made using molds. White glaze is used and various motifs are drawn.	Hai Duong, Binh Duong, Hanoi

Source: JICA Study Team

- (a) **Raw Materials:** Basically, the quality and value of a ceramic product is determined by the quality of its clay. Various kinds of ceramics are made across Vietnam and they use different kinds of clay. However, the amount of endemic clay is rapidly decreasing due to indiscriminate gathering. In some places, clay is purchased from nearby provinces, which leads to additional transportation costs. Furthermore, as the industry and contracting sectors expand, clay for ceramic production is also exploited. On the other hand, limestone, which is used for blending into clay and glaze, is easily obtainable. In general, enterprises that have long-term contracts with producers regularly deliver clay and limestone to villages. In contrast, individual producers or craft households consume limited amounts of clay. Thus, they usually purchase primary processed materials or find materials themselves. Regarding the use of glaze, white clay, limestone, ash, and other materials are required inputs. Cobalt oxide, manganese oxide, or simpler metal oxides are used to add color to the glaze. Glaze can be found in local markets. Although some craft villages have adopted gas kilns, most still use coal or firewood kilns. The massive amount of firewood used is supplied by middlemen.
- (b) **Production Process:** There are five basic steps in the production process: (1) clay processing, (2) body forming, (3) motif drawing, (4) glazing, and (5) baking. Clay processing is very important as it determines the quality of the ceramics. After the removal of impurities in the clay, it is soaked in water for three to four months. Then the clay is strained and dried for three to four days. Fermenting removes most impurities. Kaolin and other materials are added as needed. Although the traditional method using the potter's wheel is still done, the use of mold made of plaster or wood is also growing. After drying, motifs are drawn mainly by hand, which requires good skills and a fine aesthetic sense. The body will then be

soaked in glaze or painted with several kinds of glaze. Varicolored products could be made from this method. The body must be dried once again to prepare for baking. Kiln temperatures differ by location; thus, the placement of a workshop and temperature settings are crucial considerations. Baking time using coal or firewood kiln and gas kiln takes two to three days and eight hours, respectively. After baking, the item is left to cool for one day before they are removed from the kiln. Quality checks are conducted at this final process. Twenty percent to 30% of products baked in coal firewood have been found to be defective. This figure greatly decreases to less than 5% when gas kiln is used.

- (c) **Techniques and Quality:** Even though it is the most important input in the final quality of the ceramic products, a scientific way of checking the quality of clay is yet to be availed. The content of Fe_2O_3 (ferric oxide), which is often present in the clay, decides the whitening degree of the final ceramics. However, there is no tool to check for the presence of this compound, it is only arrived at by hunch and gut feel borne out of long experience. The common process is done by hand using the potter's wheel. Although, these days, advanced equipment are used such as a comminute machine, automated potter's wheel, glaze spray, etc. Large enterprises, in particular, have invested in equipment for final touch-ups and refining of their products. Molds are used rather than the practice of reshaping by hand. Today, smaller versions of an ascending kiln, approximating 5m in size are used in craft households. In order to avoid pollution and to stabilize baking temperatures, gas kiln has been introduced.
- (d) **Labor Force:** The average population of a ceramics village is 2,286, with approximately 25.1% or 575 directly engaged in it, implying that the industry is deeply rooted in the area where clay is found. Famous ceramics villages are also popular as tourist sites. Bat Trang village, 15km from Hanoi, is one. It has about 2,500 population but there are approximately 6,000 workers engaged in the industry. Many workers go to Bat Trang from other places to work everyday. Large enterprises around HCMC hire employees from different places to work at their factories. Male workers make an average monthly income of approximately VND 560,000 (equivalent to US\$ 37.30); female workers approximately earn VND 326,000 (equivalent to US\$ 15.00). A relatively high income can be earned from ceramics. Superior craftspersons and artists can earn approximately VND 1 million (equivalent to US\$ 66.70) a month. Seasonal workers can earn approximately VND 30,000 to 50,000 (equivalent to US\$ 2.00 to US\$ 3.30). Income varies according to skill. The age range of most workers is from the 30s to 40s.

- (e) **Human Resources:** In traditional craft villages, processing and combination of materials as well as glaze blending is some sort of a trade secret. Body forming, drawing or painting, and baking procedures are done by specialized workers. Outsiders are usually put in charge of supplementary tasks, like mold preparation or putting fuel in the kiln. Traditional techniques are passed down from parent to child. A new approach to teaching the techniques is to tie up with educational institutions. Some craftspersons from Bat Trang village in Hanoi and Phu Lang village in Bac Ninh province have attended classes at the Industrial Art University of Hanoi where they learned new designs and fine art production methods. Also, craft workers and artists study courses on ceramics at local arts universities to help strengthen ceramic production in their local communities. Furthermore, associations have been formed in Bat Trang village which is working to establish its own private training school.
- (f) **Products:** Ceramic products vary from small to large size. Per item they vary from general goods, like dishware, to furnishings and decorative goods (e.g. animals, portraits, vases, etc), etc. Although ceramics gained their designs through tradition, most designs are western, copied from catalogs or magazines. Items for export are usually large like dishware and tea sets for the European market. Small items, like tea bowls, chopstick rests, incense burners, etc., are made for the Japanese market. Products are developed to meet market needs. In most cases, designs are copies of those made by foreign designers.
- (g) **Working Environment:** The size of a ceramics village is generally small, which means that there is limited work area to accommodate increasing demands. In Bat Trang village, there are 1,000 kilns for a village with a mere 2,500 population. Furthermore, the village is inundated by workers coming in from different areas, raw materials providers, buyers, and tourists who visit the village everyday. Engulfing the limited spaces are coarse particulates, clay and coal dusts, as well as heat and carbon dioxide from the kilns. These worsen the environment of the craft village and create serious health hazards for residents, workers, and visitors. Besides, the cobalt oxide which is used for decorative painting is harmful to the body, which is the reason why they are painted or drawn under the glaze. More information on similar concerns should be shared with the producers.
- 3) Market and Distribution System
- (a) **Domestic Market:** Except for some high-quality ceramics villages, other villages produce ceramics for local consumption. Products in the domestic market include various kinds of pots (cooking pots, water containers, flower pots), bowls and

plates. Many hotels and restaurants in Vietnam place orders from the ceramics villages (e.g. Bat Trang) and printing their name on the products for marketing. Besides, the use of decorative items is increasing in restaurants and hotels. These Vietnamese ceramics mostly use traditional designs. Chinese-made ceramics can also be found in the domestic market.

- (b) **Overseas Markets:** Among the ceramics villages, only the ceramics made in Hanoi (Bat Trang), Binh Duong (Lai Thieu), Dong Nai (Bien Hoa), Bac Ninh (Phu Lang), Ha Nam (Kim Bang), Ninh Binh, Vinh Long (Co Chien), Hai Duong (Nam Sach), and Quang Ninh (Dong Trieu) are exported. However, export values have been growing. Total export value in 1996, 1998, and 2000 were approximately US\$ 13.5 million, US\$ 35.1 million and US\$ 57.8 million, respectively. Rapid growth was achieved in four years (approximately 4.3 times). In 2000, major export destinations were Holland (reaching US\$ 13.8 million), UK (US\$ 12.7 million), France (US\$ 9.8 million), Hong Kong (US\$ 5.4 million), and Japan (US\$ 5.4 million). Europe is the main overseas market, which mostly prefers large items. Smaller items are usually bound for the Asian market.
- (c) **Distribution System:** Products made in craft villages are transported by truck or bicycles to local markets or to enterprises that placed the order via middlemen. The poor condition of roads in many places contribute to transit breakage and defects. Large enterprises have steady distribution routes which allow them to sell directly to markets.
- (d) **Design:** Ceramic items are either for decoration or considered fine art; thus, traditional designs are still mainly used. Designs for small items for common use and interior decor are usually taken from clients. Although quality ceramic items are sometimes used in households, cheap plastic tableware is substituted. The use of ceramic tableware is limited to hotels in urban areas or restaurants. Large manufacturers in cities hire European designers to create European designs or designs that have some Vietnamese features for the overseas markets by utilizing CAD graphic software. Only large enterprises and artists are capable of developing new designs. However, there are cases when designs created by artists do not meet market needs.
- (e) **Market Evaluation:** Bat Trang ceramics are popular particularly in Japan. The reasons for their popularity are the Vietnamese motifs, color coordination, and homey style. Although they are usually sold 10 times their local prices, their popularity remains high. High-end items made for export are designed for the European and American markets using these countries' advanced technologies.

This factor ironically adds to the reason why they are seldom appreciated as Vietnamese products. Ornaments and large decorative items for gardens are also popular in Europe and America. For other garden items, designs also come from outside Vietnam and are popular because of their cheap prices. Other kinds of ceramics are not exported. In the domestic market, ceramic items are not widely used in Vietnamese daily life; thus, they have lesser value compared with ornamental items which are commonly valued as fine art. Producers also lack market information relative to world ceramics consumption trends. For example, the U.S. Food and Drug Administration (FDA) sets standards at the national level for the amount of lead that can pass out of, or "leach," from dishes. Tableware with lead levels greater than these standards cannot legally be sold in the U.S. (the U.S. standard is 3 ppm for plates and 2 ppm for bowls). In the case of Japan, the imported dishes are required to pass safety inspection based on the food hygiene law. Producers should understand the various international standards on safety and health to export ceramics.

- (f) **Rival Countries:** China is the birthplace of ceramics. Other Asian countries like Japan, Korea, Taiwan, Thailand, etc. also have their own original ceramics industries. Ceramics production takes root in the local area. For instance, in Japan, the name of a place is usually patterned after its ceramic products. Raw materials and techniques handed down from generation to generation are used. Even though the merchandise line is similar to ceramics from other countries, unique techniques, climatic differences and designs are maximized to compete with products from other countries. China and Thailand are rivals because their items have similar pricing. In stores, Vietnamese Bat Trang ceramics, along with Thai celadon ceramics and Chinese white ceramics are often displayed on the same shelf. Relying on cheaper pricing is not sufficient to maintain popularity. Product development focusing on traditional and cultural elements will greatly help differentiate Vietnam's ceramics from those of rival countries.

4) Direction of Development and Promotion

Ceramics is one of the traditional crafts in Asia and is closely associated with the local climate and culture where it has developed. Traditional techniques have been passed down for centuries. However, as with most craft clans and the introduction of mechanization, traditions are vanishing. Its rich tradition and cultural significance necessitate research and preservation programs. Likewise, the adoption of mechanization to maximize the advantages of crafts and industrial techniques are needed to promote further development.

- (a) **Raw Materials:** Ceramics production requires huge material sources, including clay, which can not be re-produced once used. Unprogrammed exploitation will lead to raw material exhaustion and the death of the ceramics industry. So, an adequate utilization plan is needed. Craft workers should pay more attention to avoid creating substandard or defective products and material wastage. Cumbersome articles should be restricted. Linkage and cooperation between ceramics villages and material areas should be strengthened for adequate utilization plans.
- (b) **Production Technology:** Machines can be used in production processes, including the processing of clay and enamel. Small-scale industries can also mechanize their production. Therefore, researches on grinding and enamel-making techniques are expected to standardize each of the product range and help save materials, improve product quality directly, and contribute to environmental pollution reduction. More sophisticated techniques are needed for body-making and enamel-coating processes. Kilns powered by coal, electricity or gas also need upgrading. It is important to provide effective thermometers and equipment to identify types of gases present in kilns in order to gain better baking control.
- (c) **Improvement of Labor Quality:** Intensive training courses on each of production processes are needed for craft workers. For processes that utilize machines, operational instructions for new equipment and instruments must be provided for more efficient operation, to prevent accidents and minimize risks to person and property. Regarding body-making and decorating processes, training in aesthetics and sophisticated techniques is needed. It is important to focus on design training for craft workers, especially for body making and enamel processing.
- (d) **Preservation of Traditional Value:** Generally, Vietnamese ceramics look light and have flowing contours, featuring more curves than sharp angles. Embossed items, which are similar to wooden crafts, are also popular even though the handles are often attached to the main part in simple methods. Drawings are often done in free style, and are often meaningful. Enamel color can be dark or light. Manual shape-forming techniques using spinning wheels are important and need preservation, in addition to several drawing styles, gray enamel, traditional motifs, etc.
- (e) **Improvement of Product Quality:** At present, ceramic products are diverse and used in several aspects of daily life. However, Vietnamese ceramics – although they often look light – are usually thick and heavy. Therefore, clay processing

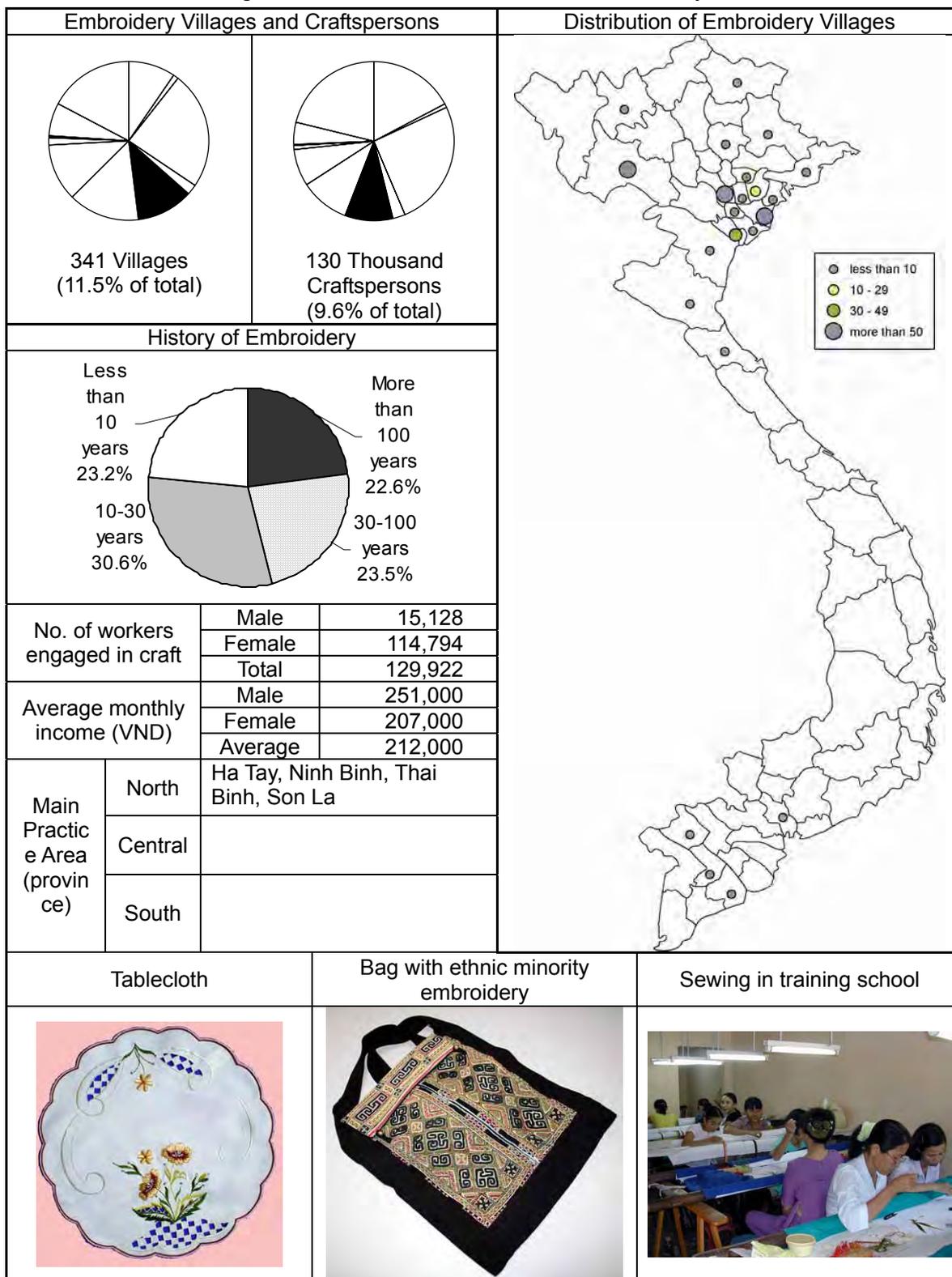
should be improved so that the products can be thinner and lighter without deforming. The most critical aspect in a ceramic item is poor design. More training, especially in aesthetics and sophisticated techniques, should be conducted for craft workers to make better products.

- (f) **Market Cultivation:** In line with improved living standards in the rural areas, the Vietnamese are using more and more ceramics in their daily lives and replacing plasticware. However, ceramics should be redirected more toward interior decor and architectural purposes, as the demands in these areas are increasing. New designs are also required to promote export markets.
- (g) **Improvement of Working Environment:** Today, ceramics are usually made through mass production, which can not be conducted in confined residential areas and spaces because of the effusion of dust, toxic gas, wastewater, heat, etc that they discharge and which pollutes the surrounding environment. Re-planning of production sites are recommended. Priority is needed in improving clay-grinding process, the most pollutant production stage, and kilns. Workers should also be taught to operate different machines to minimize the risks of accidents.

5.6 Embroidery

1) Overview

Figure 5.6.1 General Information on Embroidery



Source: Craft Mapping Survey, 2002

Vietnamese embroidery has a seven hundred-year history, harking back to its use on religious items in pagodas including the royal clothing of the country's past feudal rulers. The use of embroidery then became popular among the Vietnamese and evolved in tandem with Vietnam's cultural development. Embroidery villages were already around in the 17th century. During the French colonial era in the 19th century, the use of embroidery for daily clothing as well as in common items, like tablecloths and curtains, became widespread. The mapping survey showed that currently there are 341 embroidery villages in Vietnam. Two-thirds of them are located in the Red River Delta, while a little over 20% are in the northwest, where ethnic minorities continue to produce native embroideries. Embroidery has a robust foreign market demand particularly in Japan. Vietnamese women and the socially disadvantaged are engaged in the industry that has contributed significantly to job creation and skills improvement among the women and the youth.

2) Production System

- (a) **Raw Materials:** The major materials used in embroidery include silk, linen, cotton and hemp. Cotton and silk fabric are locally produced, but most of the linen fabric is imported from China. Cotton thread is used for cotton and linen but silk yarn is mainly used for embroidery on silk fabric. Vietnamese silk is used to produce silk products that so far have only been of medium quality. The high quality linen and cotton embroidery products, which are exported to Japan, Italy and France, are made with imported cotton thread, mostly from French thread manufacturers. The standard ones mainly use locally produced cotton thread. Silk yarn for silk embroidery is produced domestically, although some are imported from China.
- (b) **Production Process:** The production process for embroidery is almost entirely done manually. The only tools required for production are needles and tambours. Production areas usually do not require special locations. Embroiders of the Kinh group use design sketches on most of their embroideries. Ethnic minorities, on the other hand, often employ combinations of traditional motifs, which they work out without the aid of design sketches. In recognition of their uniqueness and craftsmanship, some NGOs are working to preserve their traditional patterns and are providing technical guidance and assistance to ethnic communities. It usually takes several months for an ethnic embroiderer to finish one cloth which they later sell to tourists oblivious to prevailing market prices their embroideries usually sell for in urban areas.
- (c) **Techniques and Quality:** Some embroiderers have great skills like those of the Minh Lang village, in Thai Binh province, who produce fine embroideries for the

Japanese *kimono*. Embroidery skills are normally learned within households usually through limited learning periods, which means that there is enough room for skills improvement. Overall techniques, such as sewing, color selection, design skills, etc., need to be further enhanced through adequate trainings outside of the households. A definitive system on quality standards has yet to be set. Clients usually set their own criteria and standards, while exporting companies inspecting products at each stage of the production process such as: sewing, receipt of the sewn items, post-ironing, pre-packing, etc. Products for the overseas market have higher quality standards.

- (d) **Labor Force:** Nearly 90% of the industry's labor force are women living in the rural areas. Most of them engage in it as sideline work. Average earnings are lower than that of the other craft livelihoods. The number of full-time workers is also fewer. The mapping survey showed that the monthly average income for male workers is VND 251,000 (equivalent to US\$ 16.70), for female workers it is VND 201,000 (equivalent to US\$ 13.40), which are lower than that of other craft industries.
- (e) **Production Mechanism:** As in most other craft industries, the household is the basic production unit. Trading companies and exporters often handle the finishing stages, like washing, pressing, packing, etc. Clustering of production groups is taking place but is still small scale. Provincial governments and some enterprises have organized vocational training courses on embroidery for the socially disadvantaged (e.g. physically challenged, poor women, orphaned children, etc.).
- (f) **Products:** Common products are tablecloths, clothing, skirts, bags, and items for common use. Pictures, landscapes, and portrait embroidery are popular designs. Price range and variety of the products are wide. There are even embroidery pictures done by children.
- (g) **Environmental Issues:** Washing and bleaching could be hazardous processes, but otherwise there is no major risk to the environment. Chemical dyes are used for coloring threads. Workshops have inadequate lighting. The general work environment calls for improvement to prevent workplace health risks, such as impaired vision, low-back pain, etc.
- (h) **Financing and Capitalization:** Embroidery does not require large capitalization. However, enterprises producing embroidery items for export need sufficient funds to stock cloths and silks. Ethnic minorities particularly do not go out of their way to seek financing to purchase raw materials, keeping to their traditional minimal production outputs.

3) Market and Distribution System

- (a) **Domestic Market:** The mapping survey showed that Hanoi and HCMC are the main domestic markets, accounting for 42% and 18%, respectively. But quality and design for the domestic market have yet to improve like those for exports.
- (b) **Overseas Market:** In the 60s, embroidery was exported to Eastern European countries. Although the overseas market is still the major one, accessing it is quite difficult for craft households and several SMEs. In some cases, export companies act as intermediary between producers and foreign clients and they earn commissions from it. Total export amount in 1996, 1998 and 2000 were US\$ 3.9 million, US\$ 24.1 million and US\$ 40.7 million, respectively. Rapid and significant growth was made in the past four years. In 2000 exports to Japan, in particular, earned US\$ 33.3 million, accounting for 80% of the total. Other main destinations and their exports earnings in 2000 were: Germany (US\$ 3.1 million), Korea (US\$ 1.6 million), France (US\$ 1.5 million), and US (US\$ 0.7 million).
- (c) **Design:** Vietnamese embroidery has a unique French-influenced technique that is not found in Chinese embroidery. What should be noted for future growth is that local embroiderers should refrain from copying sophisticated designs brought into Vietnam, and focus on developing their own unique style and designs.
- (d) **Rival Countries:** Competition mainly comes from Chinese, Indian and Bangladeshi embroideries, which are abundant in the overseas market. According to embroidery experts, Vietnamese embroidery techniques are excellent and if designs and products could be further developed, products could become even more competitive.

Box 5.6.1 Market Evaluation of Vietnamese Embroideries

The influence of French embroidery on Vietnamese embroidery is large, and various embroidery techniques not seen in China and other regions are used. The level of completion is high. Products have two types: one as a piece of copied artwork and the other for export with orders from buyers. Although choosing colors of embroidery threads and product items need to be refined based on specifications of overseas buyers, more original motifs should be pursued. In order to raise the level of competitiveness, an educational system, which covers not only techniques but also design and marketing, is important.

Source: Comments from JICA Marketing Expert

4) Direction of Development and Promotion

Embroideries can be used on universal items such as clothing lines and goods for daily use which are very popular in Europe and Japan. European designs melding with Vietnamese techniques and its cheap labor can enhance product competitiveness. Furthermore, traditional embroideries created by ethnic minorities have unique designs

that have high market value and which could be used on clothing.

- (a) **Raw Materials:** Since the quality of Vietnamese raw materials is commonly not high, most are imported and then processed. Therefore, it will be necessary to maintain the current subcontracting system to ensure jobs for craftspersons. At the same time, efforts should be made at improving local materials so that dependence on imported ones will gradually decrease and encourage embroidery units to increase and improve their production.

Box 5.6.2 Strategy in Importing Materials

Most linen is imported from China and subject to an import duty of 40% (HS No.:5309). Usually, the producers cannot buy directly from China because they require a minimum quantity of 5,000 – 10,000 meters. Some traders import linen and supply this to the producers. Naturally, the producers are subject to this import duty of 40% which leads to high costs of their products (This problem often happens in linen embroidery villages in Ninh Binh, Ha Nam, Thai Binh, etc.). Therefore, the Government should study and work out a policy to support embroidery producers and exporters on this matter.

Source: Raw Materials Survey

- (b) **Production Technology:** At present, technical production has been stable which makes it possible to make small improvements according to each type of product. But to ensure further promotion, it is necessary to look for ways that will differentiate hand-sewn and machine-sewn products. Machine-made embroidery products are fast developing all over the world and they produce items with lower price tags compared with handmade ones. It is a market reality that common consumers can hardly distinguish a machine-made item from a handcrafted one. This has led to the considerable decline in consumption for handcrafted items specifically embroidery products. Therefore, diversification and the fast introduction of new designs and product trends should be applied to local craft villages to compete against growing industrial products in the world market.
- (c) **Improvement of Labor Quality:** Labor's knowledge is a factor deciding product quality. Embroiderers should be more creative in utilizing their fundamental techniques to achieve high results. Therefore, training programs should include the necessity not only of focusing on basic techniques but employing these fundamentals to achieve flexible results. Also, these programs should include the teaching of proper aesthetic values and methods to inculcate confidence and know-how on creating proper designs and patterns.
- (d) **Preservation of Traditional Value:** Traditional embroidery techniques are almost embossed, which can be seen in the common curtain embroideries with golden threads, the parasols in religious places, and on the cloths worn by tribal folk. These techniques are rarely used today, having been supplanted by newer

techniques and designs. The uniqueness of the traditional design was in how they show finely made motifs and the layout of colorful threads and patterns.

- (e) **Improvement of Product Quality:** Today, the popular diversification of items is manifested through the production of small shawls, cushions, pillows, bags, curtains, and mattresses. Embroidering can be roughly classified into three types: (1) embroidered paint, (2) elaborate embroidery product (e.g. kimono cloths) and, (3) embroidering for common usage items. Embroidered paint and elaborate embroidery have high quality. Common embroidery is of low quality and often is a product of poor aesthetic know-how that shows in their bland or scrawled patterns, rough colors, large sewing, and awkward stitching.
- (f) **Market Development:** Embroidery products are mainly for export with most being sent to Japan. The market is stable, which implies that if more improvements are done on design and quality the market will further expand. Consumption in the domestic market is also increasing compared to previous periods especially for shawls, clothing, handbags, etc. Markets could be expanded through the introduction of decorative items.

Box 5.6.3 Foreign Markets for Vietnamese Embroideries

The number of foreign enterprises setting up shop in Vietnam because of its cheap labor and their inherent high skills is increasing. These ventures usually develop their own merchandise rather than focus on Vietnamese originality. *Kimono* in Japan is subcontracting the embroidery and sewing processes in Vietnam and dyeing and drawing processes in other Asian countries (e.g. Bali, Indonesia). An appropriate strategy ascertaining what direction to take must be determined – whether to develop unique products to cultivate overseas markets or to develop skills and provide cheap labor for overseas markets.

Source: JICA Study Team

- (g) **Improvement of Working Environment:** The necessary conditions for an embroidery workshop are mainly lighting and ventilation. Concerns on these two aspects can easily be solved especially in the rural areas. However, attention should be paid to ethnic minorities living in remote areas where poor infrastructure conditions are still prevailing.

Box 5.6.4 Embroidery Commodities in Fair Trade Shops

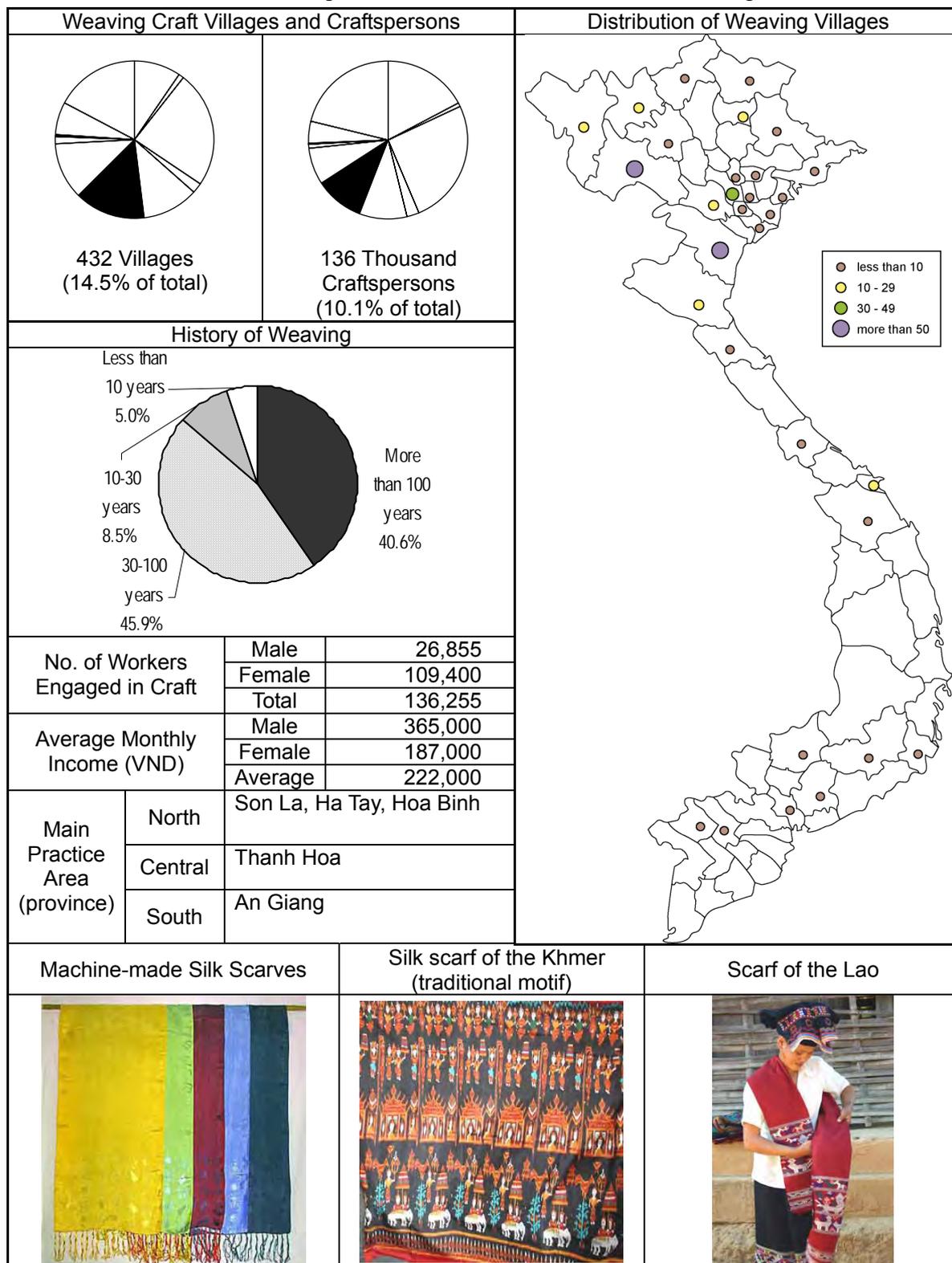
The percentage of women, children and ethnic minorities engaged in embroidery is high; thus, the proliferation of training courses in vocational schools and assistance programs by NGOs. However, for these training courses and assistance programs to encourage these groups to be independent and more productive, there is a need to enhance the courses' contents to cover technical aspect, design, product development, market cultivation, etc., and to make trainees understand the whole flow – from production, distribution through marketing. Other countries are adopting self-support programs. For the embroidery sector, their goods are sold as fair trade items by NGOs and stores. Vietnamese embroidery has a potential of allowing women in rural areas to become self-supporting, utilizing its craftsmanship and expanding its market and buyers.

Source: JICA Study Team

5.7 Weaving

1) Overview

Figure 5.7.1 General Information on Weaving



Source: Craft Mapping Survey, 2002

Linen was found in local ancient tombs dating four thousand years ago which is around the time Vietnam was born. In its history, weavings were made for mandarins and Chinese feudal courts by craft villages in what is now known as Ha Tay province. New technologies were introduced in the 20th century and weaving rapidly developed. With the advent of modern tools and technological innovations, hand weaving and its products increasingly declined. The mapping survey showed the existence of 432 villages, making weaving the second largest craft industry after bamboo and rattan crafts. Ninety percent of the weaving villages are located in the north and are divided into a single group that is involved in the textile industry and that uses mainly silk, cotton and linen, and they mostly live in the Red River Delta area. The other group is composed of ethnic minorities living in the mountainous region. Weavings currently found in the market are mostly produced by semi-automated weaving looms. Hand-made weavings are rare. Weavings made by ethnic minorities are done using traditional methods and motifs. Due to difficulties in obtaining raw materials, the use of cheap imported materials is increasing, which decreases the quality of weavings. The practice has likewise led to changes in production methods as the use of chemical dyes started. Both textile for exports and weavings by ethnic minorities face common issues like availability of quality raw materials, quality improvement, market development, etc.

2) Production System

(a) **Raw Materials:** Basic materials are cotton, silk, and linen threads. Several kinds of cotton threads are produced domestically, and some of these are exported. Silk is produced in the provinces of Ha Tay, Vinh Phuc, Thai Binh, Quang Ninh, An Giang, and Lam Dong, where the sericulture industry thrives. However, a significant volume of artificial fibers is imported from China. The Hmong group, one of Vietnam's ethnic minorities, still produces flax using traditional methods, and its quality is relatively good and consistent. But improvement can be achieved through the adoption of new technology. Because the quality of weavings often is determined by the quality of its raw materials, the production of better-quality raw materials is the key to the industry's further development.

(b) **Production Process:** Weaving is done by uniformly crossing weft threads over warp threads. The weaving loom is attached with hundreds of warp threads parallel to each other. Weft threads are then woven in between the warp threads using a shuttle. The use of the rectangular design card is common in silk weaving. There are two dyeing processes which are determined by the timing of the dyeing: one is piece-dye and the other is yarn-dye. A traditional method, called *ikat*, which

is also used by other Asian countries and by the Khmer in southern Vietnam involves dyeing warp threads first according to the design prior to weaving.²

- (c) **Techniques and Quality:** Except for the ethnic minorities, other weavers use semi-automated weaving looms, thereby increasing production levels two to three times. Weaving looms with design cards, a rectangular paper featuring a design over which holes are punched which simplify the design process, are becoming popular. Advancement in techniques and raw materials has made possible the production of high-quality silk. However, quality has not yet stabilized due to insufficient techniques in twisting yarn and dyeing as well as the lack of an ideal inspection system.
- (d) **Labor Force:** Clusters of weaving villages are found around urban areas and the number of full-time workers is on the rise. Eighty percent of the approximately 130,000 producers are women. In general, male workers are in charge of setting up the weaving looms, creating designs, dyeing, bleaching, delivery, and management. A full-time producer earns approximately VND 45-50 thousand per month (equivalent to US\$ 30.00), while part-time workers earn only about VND 20-25 thousand (equivalent to US\$ 15.00) monthly. Highly skilled craft workers can earn VND 1 million (equivalent to US\$ 66.60). Income differs by level of techniques and type of production engagement. Among ethnic minorities, weaving is not a form of livelihood but a means to make one's clothing or other essential items. Ethnic communities near tourist areas have recognized the commercial value of their products and have started to produce with the intent of selling these to tourists. While the number of ethnic minorities who earn additional incomes by selling weavings is increasing, their understanding of labor issues, costs and the recognition of traditional values is still lacking among them.
- (e) **Human Resources:** Techniques are confined within families and relatives. Family members usually start weaving at around 15 years of age. The average age of people engaged in weaving is relatively young at 24 years old. Most enterprises provide on-the-job training and very few receive official training. The concept of wage earnings from labor has not taken root among ethnic minorities; thus, they consider amounts at which their products are sold as income. For example, when a weaving is sold for, say, US\$ 100, the money is considered income for the months it took the weaving to be finished and sold. For them to enjoy the benefits of a steady income from weaving, they must understand labor and market factors. Appropriate training is likewise needed.

² Double ikat requires highly advanced skills to weave design patterns from both dyed warp and weft yarns.

- (f) **Production Mechanisms:** Many weavers have been producing raw materials such as silk and cotton. Some tasks are divided by process: villages have their respective responsibilities over certain processes. Four types of production mechanisms exist. The majority is composed of craft households working as subcontractors or micro enterprises. Medium to small enterprises that have some financial capacity hire about 10 to 30 workers for joint production by dividing tasks and sharing weaving looms. Cooperatives used to be popular, but nowadays, many producers perform the whole process, from purchasing raw materials to producing and selling the products themselves. This practice, thus, has diminished the role of cooperatives. Large enterprises, which have their own factories and employ hundreds of workers, mass-produce crafts. But in the process, the inherent traditional and cultural values of the products are dissipated. Mass-produced handicraft items are mainly sold as industrial goods both domestically and internationally. In stark contrast with mass production, the ethnic minorities continue to produce only for their own consumption; thus, weaving and dyeing for them are managed within families or by individuals. However, due to the availability of cheap fabric (mainly imported from China) at the local markets, some only stitch embroideries on purchased fabric. Thus, the cultural value of weavings is diminishing.
- (g) **Products:** Silk products vary, from the Vietnamese traditional attire, *ao dai*, to bags, shirts, etc. Hand-weaving techniques still remain. Cotton is generally produced as an industrial product rather than a hand woven item. The public generally purchase fabric and have them tailored into their daily clothing. Woven fabrics are also exported. Due to the inconsistent quality of silk raw materials, some of them are sold at very low prices in the market.
- (h) **Environment:** The number of craft villages targeting the overseas markets is growing rapidly. The same is true for the number of automatic weaving looms which can accommodate higher demand.³ Along with the growth of the industry, various health and environmental hazards have increased. Health hazards, such as dust and noise generated by machines, have yet to be taken seriously, as concerns on efficiency and productivity take precedence in the craft villages. The inappropriate treatment of liquid waste from dyeing and bleaching has caught the public's attention because it does not only pose danger to the craft villages but the effluent spills over into surrounding areas like lakes, rivers or drainage systems.

³ The number of automatic weaving looms used in Van Phuc village in Ha Tay province increased from 300 to 1,000 in the past 10 years. They are mostly squeezed into a producer's tiny house.

3) Market and Distribution System

- (a) **Domestic Market:** Consumption of silk is also growing in the domestic market. Producers sell to wholesalers or retailers. Van Phuc village has location advantage because it has opened stores in the village houses to sell their products to tourists visiting from Hanoi. For the ethnic minorities, they either sell their weavings to tourists who occasionally visit their villages or through the help of international and local NGOs.
- (b) **Overseas Markets:** In the sixties, Vietnamese weavings were exported to Eastern Europe. Although the share of Vietnamese weavings is increasing, the market is still dominated by Chinese weavings. Neighboring countries, like Thailand and Laos, are also competitors. Simply relying on low pricing without strengthening the competitiveness of Vietnamese weavings in terms of quality and design will not lead to a sustainable development of the industry.
- (c) **Design:** Only traditional patterns used to be woven before. Nowadays, however, master artisans have created new designs or designs based on client's requests. The new process of using design cards has allowed designs to be drawn on a sheet of paper. Van Phuc village in Ha Tay province has even adopted a computerized design method. The design of weaving patterns is slowly getting to be an offshoot profession with producers buying design cards for their weavings.

Box 5.7.1 Major International Market of Woven Fabrics

Silk textile: The export market for silk is increasing. Its main markets are Cambodia, Laos (patterned silk / Ha Tay, An Giang) and EU countries (plain and spun silk /Ha Tay, Thai Binh). The silk products will be sold better if it is processed in ready-made items like cloths, bags, scarves, quilts, cushions. Domestic consumption of silk is also increasing in recent years. The production capacity of silk producers in Van Phuc (Ha Tay), Nam Cao (Thai Binh), Nha Xa (Nam Dinh), Thi Lai (Quang Nam), Tan Chau (An Giang) has increased by 15-20% (Van Phuc 1.9 million meters in 2002 but it is expected to reach 2.6 million meters in 2003).

Cotton textile: There are three big known cotton weaving villages in the North – they are Phung Xa, My Duc (Ha Tay), Duong Noi, Hoai Duc (Ha Tay) and Meo, Hung Ha (Thai Binh). Eighty percent (80%) of products are consumed locally (towels) and about 20% are exported to Korea (hand towels). In Thai Binh, about 30% of woven cotton towels are exported to Japan and Korea. Some quantity of bath towel is even exported to EU. Hundred percent (100%) of cotton weaving products in Duong Noi (Ha Tay) is consumed locally.

Wool textile: The wool textile is especially thriving. In La Phu village (Ha Tay), the annual revenue is about VND 250 billion, of which 65-70% is for export (to Eastern Europe, France, Italy, Taiwan, Japan, etc.). The consumption volume is continuously increased year by year.

Hemp textile: Hemp textile is the traditional craft of the H'mong people (especially in Ha Giang and Lao Cai). It is considered good for the health and is environment-friendly. The trend of consumption in the world seems increasing. However, made-in-Vietnam hemp textile for export is still very limited. Under the support of some international NGOs, some products originating from hemp, such as scarves, cushions and bags, have been exported to Japan, UK, US, etc. The local market is self-sufficient. The market for hemp textile is expected to increase if more promotion and education activities are made toward both foreign and local consumers.

Source: Raw Materials and Distribution Survey

Box 5.7.2 Product Development Using Motifs of Ethnic Minorities

Weavings produced by ethnic minorities are highly appreciated particularly by foreigners and tourists, and they are sold directly to them. NGOs supporting ethnic minorities provide trainings to improve the latter's skills and make weavings that not only meet market needs but showcase traditional motifs and colors. NGOs also train minorities to strengthen their business capacity, because these traditional fabrics should be sold at a fair price. NGOs also sell the products of ethnic minorities. Currently, some enterprises, even other ethnic minorities, copy unique motifs onto their products and sell in urban areas as souvenirs. Motifs are not registered and do not have copyright; thus, appropriate protection measures should be promptly taken.

Source: PP7 "Strengthening of Management Capacity of Ethnic Minority Craft villages" Report

4) Direction of Development and Promotion

Preserving and restoring vanishing traditional designs and techniques are the issues that need to be addressed. These are the common problems faced by both textile producers and ethnic weavers. Consumer trust must also be strengthened by producing better-quality products. Standardizing thread and rating weavings through a grading system can achieve this end. At the same time, working environment and environmental risks should be reviewed; in most villages, the proximity of working and living spaces has resulted in accidents such as scalding from boiling water used in the production process and other work related mishaps. Moreover, liquid wastes caused by chemical dyes and others should be treated properly.

- (a) **Raw Materials:** Main materials for textile productions included three types, namely: cotton thread, silk thread and flax thread. At present, cotton thread is rarely produced in Vietnam; most are imported. Silk threads are supplied by local mulberry growers and silkworm breeding farms which are abundant. Flax thread is supplied in limited quantity from scattered sources among ethnic minority areas and again is usually for self-consumption. In order to actively secure raw materials, it is necessary to study and plan local cotton growing areas as well as support ethnic minorities so they can expand the growing of flax.
- (b) **Production Technology:** Quality of textile product is mainly dependent on quality of raw materials. Therefore, it is necessary to perfect the techniques of unraveling silk, twisting thread and improving quality of thread supplied to textile units. Regarding brocade weaving, manual twisting should be redeveloped among the ethnic minorities to help preserve the traditional values of the brocade. At present, machines are used in cloth and silk weaving. Loom machines should be improved to increase productivity and quality. Thread twisting and weaving techniques, in particular, should be studied to produce non-crease silk.
- (c) **Improvement of Labor Quality:** Weavers should be trained in the technical processes of using looms, improving product quality and ensuring labor safety. In

craft villages and production areas, some craftspersons should be given advanced training in design sampling to improve weaving techniques and create new motifs, cloth and silk surfaces that will satisfy market demand. In the case of brocade, traditional motifs and patterns as well as their application and processes should be taught.

- (d) **Preservation of Traditional Value:** Silk and brocade weaving has a special place in craft history. In the past years, however, due to market demand, silk motifs are copied from overseas. It is crucial that well-known Vietnamese traditional motifs be studied and reused. Ethnic minorities have also stopped following their customs, opting to either weave less brocade or weave simple motifs. Moreover, enterprises have, in recent years, ordered cheap brocade products with simple patterns. As a result of these, many original and intricate motifs have either vanished or are in danger of being so. It is thus crucial to collect and using traditional motifs. In so doing, it is necessary to revive traditional dyeing techniques using natural materials. In ethnic minority areas, the custom of weaving their clothes should be revived to strengthen their awareness of its traditional value and so that the practice of weaving can develop.
- (e) **Improvement of Product Quality:** Firstly, quality of thread should be improved by focusing on technical measures. Besides developing motifs and dyes, weaving non-crease silk should be studied and developed. Developing other cloths and silk types should be given attention to make diverse products, such as bags, shawls, cushions, lampshades, screens, and tapestries.
- (f) **Market development:** Besides developing the export market, domestic demand should be promoted and the practice of using traditional motifs be further considered. At present, the use of silk is increasing which is a good trend. If quality of weavings improves it could supply domestic embroiderers, thereby reducing the need to import silk and cloth. A Vietnam silk trademark should be established and measures should be studied to standardize quality of products.
- (g) **Improvement of Working Environment:** In craft villages, the production area also serves as the living area.⁴ Therefore, it is cramped and lacks light. Living environment is surrounded by dust and overwhelmed by noise. Wastewater and chemical dyes are not treated, seriously polluting the environment in the craft villages and damaging the surrounding areas through water flows. The production

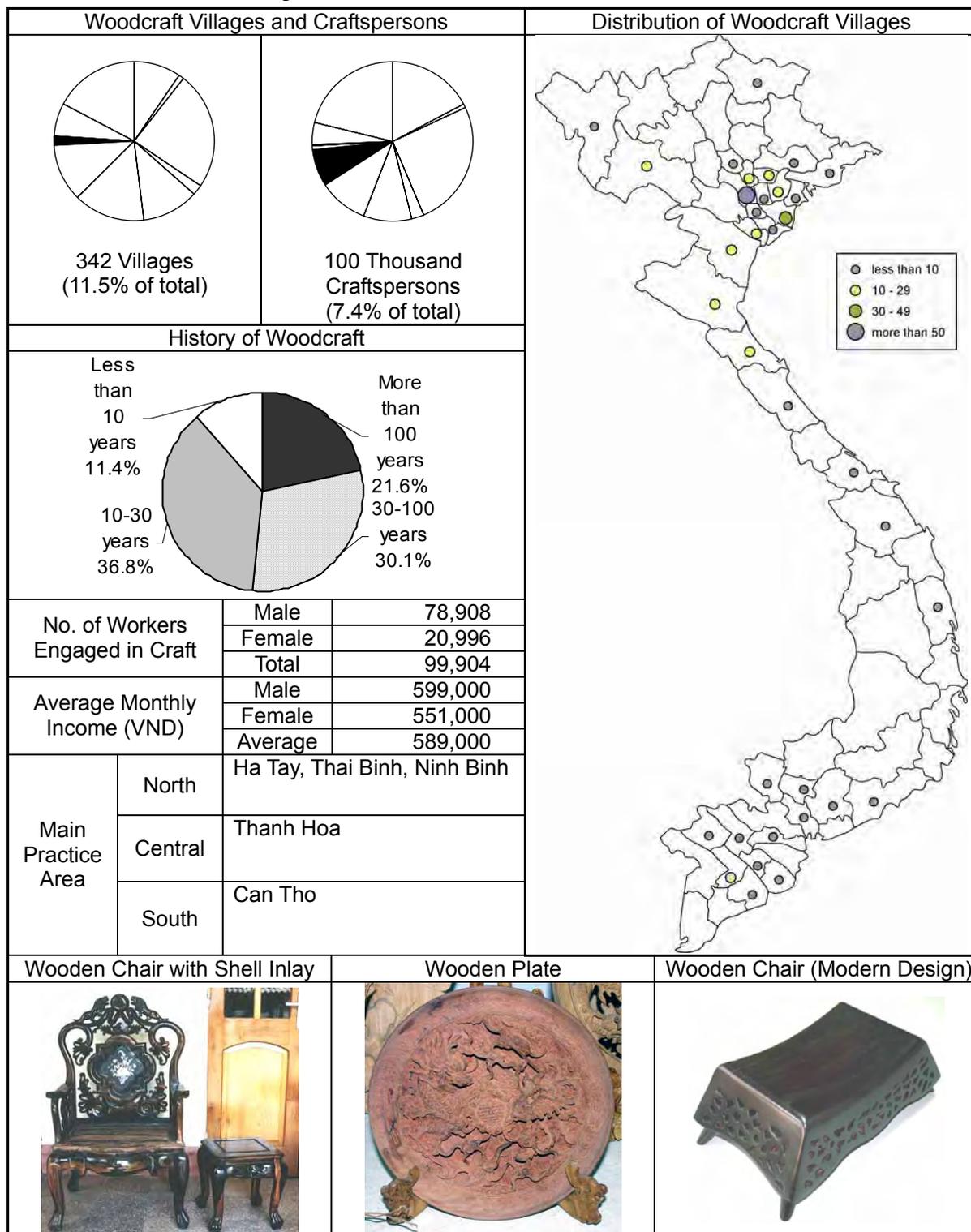
⁴ Although the problem of proximity of the working and living spaces is common in the craft sector, this allows women weavers, in particular, to work, manage household chores and take care of the children at the same time. Hence, the structure of each industry and production mechanism should be considered in formulating respective strategies.

sites should thus be separated from residential areas as soon as possible. The dyeing area should be located in a designated area and a wastewater treatment facility should be built. Craft villagers should be required to manage and protect their respective environments. The Government must minimize waste by setting a policy banning the use of certain toxic dyes. Recently, the EU has considered banning the import of chemically dyed textiles. This issue should be taken seriously not only to protect the environment, but also to cultivate markets. At the same time, operating the machines and using electricity should be taught to ensure occupational safety.

5.8 Woodcraft

1) Overview

Figure 5.8.1 General Information on Woodcraft



Source: Craft Mapping Survey, 2002

Woodcraft was developed around the 4th century around the time that the Vietnamese shipbuilding industry was born. From the 10th to 14th centuries, the prosperous era of the Vietnamese dynasties, the demand on many woodcraft villages to produce wooden ornaments for temples, woodcarvings, sanctuaries, furnishings, etc., and to construct or restore temples reached its peak. Woodcraft developed particularly well in the old capital of Hue and in the present-day capital of Hanoi, which has a long history and rich culture. Many craft villages are located in the Red River Delta, others are scattered around the Mekong Delta, and a few can be found in the provinces. Most craft villages specialize in certain wood products like furniture for domestic and overseas markets, religious sculptures and Buddha statues, shelves, small boxes for common use, small items, souvenirs, etc. Even though Vietnamese furniture for the overseas markets is already quite developed, the international market is still replete with growing competition involving many players. Reliance not merely on pricing but native assets, styles and uniqueness is needed for the further diversification of Vietnam's wooden product line.

2) Production System

(a) **Raw Materials:** Forest protection laws regulate wood supply. Materials from some protected sources are still available mainly in Quang Nam, Thanh Hoa, Gia Lai, Kon Tum, Hoa Binh, Son La, Yen Bai, and Quang Ninh provinces. Jackwood is mostly available in the domestic market and used in a variety of products. Some villages purchase materials from mountainous areas or procure them from illegal felling in tree plantations. These days laminated wood, such as medium density fiberboard, is used on furniture for general consumers. High-class wood is imported from Laos, Myanmar and other countries. Except for those which can be obtained locally, most raw materials are supplied by middlemen and specialized delivery companies.

Box 5.8.1 Forestry and Wood Production

Vietnam is endowed with approximately 8 million hectares of forestland home to several thousands of species. Forests can be natural or planted. The maximum annual volume of felled logs is set at 300,000 cubic meters and is expected to continue until 2010. In fact, the volume of logging in the natural forests has decreased sharply while that in forest plantations has increased. Due to this policy, Vietnam's wood processing industry has relied on imported raw materials for plywood and other artificial wood products. Thus, the volume of wood import has increased yearly. The value of total wood import in 1999 was US\$ 70 million, but it reached US\$ 243 million in 2002. The target production volume of processed wood products is set at 10,000 cubic meters by 2010. In line with this production plan, a number of plywood production factories have been constructed or under construction. The largest wood-exporting country to Vietnam is neighboring Laos, followed by Malaysia and Indonesia.

Source: Raw material survey

Box 5.8.2 Condition of Deforestation

In 1943, forest coverage in Vietnam was 44%. This was , reduced to 22%, or 10.9 million hectare by 2000. Of this area, 9.4 million hectares is natural forest and the balance 1.5 million hectares is planted forest. In 1993, wood exports was banned. However, since almost 24 million people relies on or resides in and around the forest areas, an ideal further reduction of forest areas can not be achieved because of factors like: an increasing demand for wood items like fire wood, etc., poverty, limited area for cultivation, lack of administrative capabilities, unclear land ownership and land use, etc.

The annual rate of reduction of forest area is around 200 – 400,000 hectares. Although the MARD set the maximum annual wood cut down volume at 300,000 cubic meters, illegal logging still continue. Under such circumstance, the distribution of wood of which production area is unclear or not known has been rampant especially in and around craft villages. Such wood is named as “floating wood” and its volume accounts for almost 70% in Ha Tay province and 50% in Quang Nam province alone.

Source: Raw material survey

- (b) **Production Process:** Most processes are diversified and most steps require specialized techniques. Professional engineers are employed in raw materials processing, main-body making, decoration and finishing works. Other steps are managed by contractual craftspersons.
- (c) **Techniques and Quality:** For woodcarving, it is said that a minimum of three years is required to master the necessary skills. Vietnam has excellent carving techniques. In terms of quality, high-end furniture is very heavy and dark in color, which limits overseas demand. Another negative factor is that humidity changes cause cracks.
- (d) **Labor Force:** The average population of a woodcraft village is 2,094, with an average of 291, or 13.9%, directly engaged in craft making. Ninety percent (90%) of the workers, or more than two-thirds of the woodcraft village population, are locals. The limited volume of work in villages forces other craft workers to go to urban centers or large cities, like HCMC, to work as seasonal workers. The average monthly income for male workers is VND 943,000 (equivalent to US\$ 62.80). For female workers it is VND 736,000 (equivalent to US\$ 49.00). These figures are much higher than the other craft industries and than farm earnings. Highly skilled craft workers can be rewarded appropriately. The average age of workers range from the 20s to 30s, and the majority of workers are male.
- (e) **Human Resources:** Skills and techniques are commonly passed down from master to apprentice. Usually, a workshop employs several highly skilled craftspersons and dozens of apprentices. An apprentice usually learns skill and technique in two to three years of on-the-job training. When they have passed the apprenticeship period they then work as subcontractors, eventually gaining enough experience to become independent. There are many trade fairs and exhibitions in urban areas for overseas buyers, and there are adequate

opportunities to access markets. Some craftspeople in the craft villages have good administrative abilities and understand market prices. Master artisans, especially those who are excellent sculptors are getting old and their specialties are fine craft items that do not have a large market.

- (f) **Production Mechanism:** Some villages have been successful in hiring skilled craftspersons, conducting sound production management, and attaining stable distribution and market access. However, most villages are small-scale industries or craft households that work as subcontractors. Although cooperatives recruit members and conduct business as a collective, flaws in administration have diminished their potential. Some small and medium enterprises in urban areas not only conduct production, but also manage, market and have a stable of subcontractors (i.e. production groups or craft households) in the craft villages.
- (g) **Products:** Woodcraft products are basically classified into the following: architectural materials (e.g. doors, window frames, staircases, etc.), general furniture (e.g. tables, chairs, shelves, beds, etc.), high-grade furniture (e.g. furniture with carvings or special accessories, etc.), general woodcrafts (e.g. ornaments, carvings, trays, boxes, etc.), Buddhist objects (e.g. sanctuaries, Buddha statues, etc.), and others (wooden ships, etc.)⁵.
- (h) **Working Environment:** Production space is generally limited considering the size of raw materials and some items that are made. Although division of labor is employed in the production process, all the tasks are conducted in one disorderly area which results in inefficiency. Proper work area layout should be considered to help improve efficiency, especially since space is not well divided according to each task. Woodcraft creates less health hazards compared with other craft industries. But a profusion of pollutants exist mostly caused by iron scraps and dusts, and noise from workshop machinery. Some workshops use polyurethane paint, which is toxic, for polishing products without proper safety measures.

3) Market and Distribution System

- (a) **Domestic Market:** The mapping survey showed that woodcarvings are for “own consumption” and “in-village sale”, which averaged 37.8%, proving the existence of a good-sized domestic demand. The domestic consumption of woodcarvings is in fact very large. Wood and wood product, like tables, chairs, sofas, beds, cabinets, and statues, are always considered luxurious items, even in the main

⁵ The number of Japanese enterprises placing orders of Buddhist statues (partially finished or finished) taking advantage of cheap Vietnamese labor and fine woodcarving skills is increasing. It is considered one of the negative impacts of Japanese traditional handicraft industry.

cities like Hanoi, HCMC, Hai Phong, etc. A family's possession of hand-carved wooden products is sometimes a barometer of a family's economic wealth. Most carving motifs are adopted from the Chinese. The Vietnamese seem to carve items – the more carvings a product features, the higher the price it fetches. The hand-carved wooden chairs, tables and cabinets, combined with inlaid shells (e.g. Van Diem, Chuyen My, Dong Ky) are top-selling items. Besides individual consumers, governmental organizations are also big costumers of the woodcraft villages.

- (b) **Overseas Market:** Before the nineties, popular export destinations were mostly the former Soviet Union and Eastern European countries. By 1996, Japan, Taiwan, the western countries, and the USA have become main destinations and export volumes have increased. Total export amounts for 1996, 1998 and 2000 were approximately US\$ 7.5 million, US\$ 22.5 million, and US\$ 38.8 million, respectively, showing significant growth in four years. The large markets and their amounts in 2000 are: Japan with US\$ 10.9 million, USA with US\$ 8.4 million, Taiwan with US\$ 6.8 million, Hong Kong with US\$ 5.7 million, and China with US\$ 4.3 million. The Prime Minister's commercial law decision says that the Government is encouraging the export of highly processed woodcrafts and is providing tax incentives for it.⁶
- (c) **Design:** The traditional skills, designs and motifs used to decorate places of worship and the production of religious sculptures are passed down. Designs influenced by traditional Chinese patterns are often used on high-end furniture. On the other hand, Western designs are used for furniture bound for Europe and America, which are usually brought in by clients or copied from catalogs. Traditional designs are used mainly on religious ornaments. No Vietnamese designs are developed to match market needs.
- (d) **Market Evaluation:** Due to the lack of stability in raw materials supply, the Vietnamese woodcraft industry has yet to establish a firm market position. However, in terms of cheap labor, unique and refined techniques, and relatively high reliability in terms of honoring contracts and following production schedules, the industry has enjoyed steady growth, particularly in the Taiwanese and Japanese markets. However, since the tastes of Vietnamese and foreign consumers are, basically, different the market for woodcarvings should therefore be segmented.

⁶ Decision No. 46/2001/QĐ-TTg of April 4, 2001 on the Management of Goods Export and Import in the 2001 – 2005.

(e) **Rival Countries:** China and other ASEAN countries are making significant inroads in furniture and furnishing export by taking advantage of cheap labor. The international market features kingwood, ebony and teak furniture from China, rattan furniture from Indonesia and the Philippines, and rubber tree furniture from Malaysia and Thailand. Each country emphasizes the uniqueness and characteristics of their respective raw materials. Styles and techniques likewise reflect their respective traditions and culture. Thus, to be competitive in the overseas market, Vietnamese woodcrafts should maximize its own unique characteristics. The potential is high, if fine Vietnamese techniques are properly applied.

4) Direction of Development and Promotion

Vietnamese woodcraft deeply relates to its culture and religion and has a long history. The characteristics of Vietnamese handicraft, i.e. excellent techniques and attention to detail, are passed from generation to generation from master and apprentice. Domestic demand is also increasing as the standard of living improves. The consumption of high-end wooden furniture is starting to pick up among local consumers. Furthermore, as tourism further develops, the production of souvenir items also increases, which generates employment and provides opportunities to restore traditional and historical buildings. Popularity in the overseas market is high and carries with it a high potential in creating competitive products through appropriate product development. To achieve the latter, two types of promotion strategies are required: one is for traditional fine art pieces, religious ornaments, traditional buildings and architecture, etc., which should be preserved and restored; the other is for common items, furniture, etc. to enhance economic development by maximizing Vietnam's refined handicraft techniques and cheap labor.

(a) **Raw Materials:** After many years of exploitation, natural forest resources are nearly exhausted and are therefore in very short supply. Popular wooden products are being replaced by plywood items. Precious wood needed for woodcarvings is imported. In order to secure raw materials to maintain and develop sustainable carpentry and woodcarving, importation plans should be prepared, along with the immediate development of a program on large-scale reforestation and tree farming. It is also necessary to study the application of non-toxic chemicals to improve quality of wood and to further develop plywood products. A policy on the limited use of precious wood should also be promulgated. Currently, the agency that is mandated to control and manage forest resources in Vietnam is the MARD, while the import and export of wood products are controlled by the Ministry of Trade. All

the national parks are under the management of the MARD, leaving the provincial governments without control over them. On the other hand, the protection of the natural environment is the direct responsibility of the relevant People's Committees and under the management of the DARD (refer to Chapter 6.2 on "Securing of Raw Materials").

- (b) **Production Technology:** The development of techniques for treating common wood varieties to improve their durability and enhance their natural beauty is necessary to deflect from the usage of precious hardwood. Techniques of making plywood and processing products from plywood should be further done. The use of hazardous chemicals in polishing oils during the final processing should also be limited and gradually prohibited. Traditional polishing methods should be developed using natural materials to sustain natural color and look of the wood.
- (c) **Improvement of Labor Quality:** At present, machines are popularly used in carpentry and woodcarving. Technique and skills training on the use and operation of machines should be conducted to help increase productivity. Woodcarvers should be trained on aesthetic know-how, traditional values and design creation. In addition, it is necessary to improve their awareness of and opinion on product quality specifically on the basic matter of perfecting the appearance of a product from various angles make it more pleasing.
- (d) **Preservation of Traditional Value:** Vietnamese traditional woodcarving has special and unique characteristics. However, imitations of foreign samples are increasing. It is thus necessary to train woodcarvers in creating less intricate motifs and designs based on complex traditional Vietnamese motifs and designs.
- (e) **Improvement of Product Quality:** Wood materials should be improved by using advanced treatment technology in order to increase durability and natural beauty. Production should be improved and more detailed to make products, especially furniture, more stable. Design and motifs of woodcarvings should be refined further, while reducing complex designs and extra weight so as to save on materials. Commonly used wooden products should be developed further.
- (f) **Market development:** Wooden furniture is considered as an important export product and should be developed rapidly. Design development should be studied to further satisfy market demands and make it suitable to modern living. Due to limited resources, shifting from producing cheap mass products to producing small- and medium-scale items that carry a higher commercial value should be required. Potential of export market will increase if the wooden products meet the

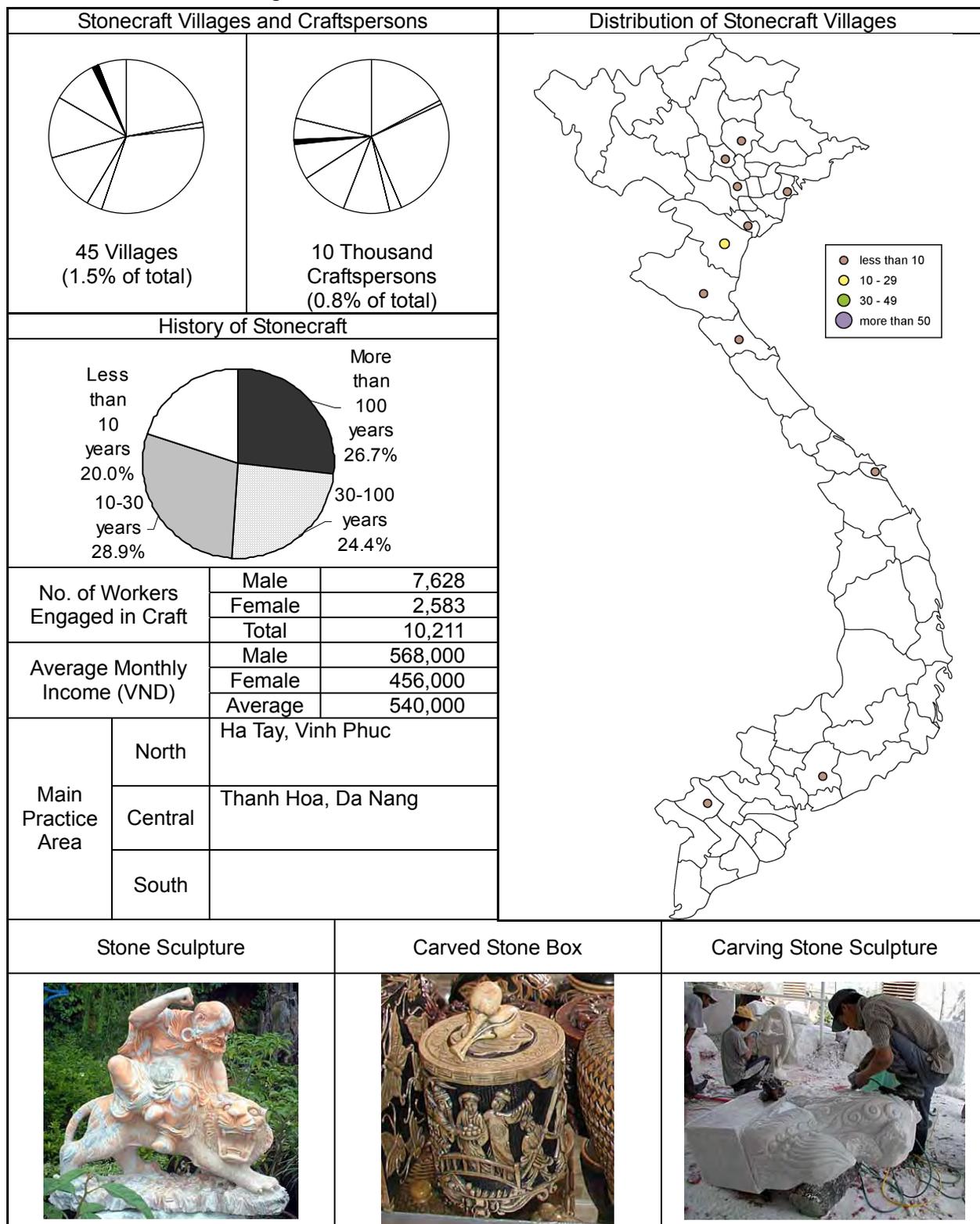
following requirements: (1) simplification of carving details – too much carving is, generally, not preferred by foreign customers, especially in the EU countries, which is a leading importer of wooden products from Vietnam; (2) improvement of wood and surface treatment; (3) diversification of wood materials – foreign customers worldwide like teak and pine wood.

- (g) **Improvement of Working Environment:** Firstly, production units should be given preferential treatment in expanding production sites. They should have enough space to conduct production processes cleanly and orderly. Machines should be operated in proper places to prevent accidents. Protection equipment should be made available to protect workers from dust and noise. Polishing paint containing hazardous chemicals should be prohibited. In focal production areas, garbage (e.g. small wooden chips) and wastewater should be treated in chip storage yards and wood processing plants.

5.9 Stonecraft

1) Overview

Figure 5.9.1 General Information on Stonecraft



Source: Craft Mapping Survey, 2002

Stone carving is highly evident in Vietnamese culture especially with the prevalence of stone monuments in town parks or city squares, along with the abundance of various ornaments and decorative items in pagodas, temples, gravestones, statues, artworks, etc. The Vietnamese' admiration for stonecraft dates back for centuries. Archives show that stone collected from Nhoi village, Thanh Hoa province, in the north was used for figures and other uses by the Chinese dynasty during the 3rd century.

The mapping survey showed that there are 45 stone carving villages in the country. Forty villages (88.9% of the total) are located in the north, one village (2.2%) is in central Vietnam, while four (8.9%) are in the south. Although the most active production is in the north, domestically and internationally known villages are located in Da Nang province in the central region. Over half of the market share is accounted for by domestic demand. The rest is exported to Asia, mainly to Taiwan and Hong Kong.

Stone and rock are natural resources that are non-reproducible; thus, their consumption must be well planned and efficient to ensure a long-term supply.

2) Production System

(a) **Raw materials:** Vietnam has an abundance of mountains that are rich in marbles and other forms of stones. However, only the mountains in the northern and central regions produce the kind of stones suitable for carving (see Table 5.9.1). One of the provinces that produce beautiful stone carvings is Da Nang province where the famous marble-processing village of Nuoc is located. But ever since the provincial government banned the quarrying of stones to help protect its environment for its tourism program and for the conservation of natural resources, stonecraft makers have purchased their raw materials from other places.⁷ The added inputs in transport costs, not to mention the increasing base prices of raw materials, contribute to the increasing prices of stone products. Hard stones (e.g. blue stones) are the raw materials which are commonly used in the production of traditional items (e.g. statues) and architectural materials (e.g. columns, staircases of pagodas, etc.).⁸ Soft stones, whose use has a shorter history – its use only started about 20 years ago – are easily carved or cut by saw. Because it is soft enough to carve delicate motifs, it has been the material of choice for makers of small fine art pieces. Various kinds of natural stones come in different colors and veins, in addition to white stones that can be artificially colored.

⁷ Limestone is purchased from Thanh Hoa, Nghe An and Bac Can provinces. Blue stone is purchased from Quang Nam province, and sandstone from Dong Nai province. A similar measure was taken in Non Nuoc, Da Nang province; Nui Sap, An Giang province; and Buu Long, Dong Nai province.

⁸ Developed in Hoa Lu, Ninh Binh province and in Nui Nhoi, Thanh Hoa, Ngu Hanh Son, and Da Nang.

Table 5.9.1 Changes in Raw Materials Supply Area

Craft Village	Traditional Suppliers		Current Suppliers	
	Stone	Supply Area	Stone	Supply Area
Dong Tro village, Vinh Phuc	Grey stone	Hai Luu Commune, Vinh Phuc	Grey stone	Hai Luu Commune, Vinh Phuc
Xuan Vu village, Ninh Binh	Blue stone fine veins, durable	Khe mountain, Dong Son com, Thanh Hoa	Blue stone	Khe mountain, Dong Son, Thanh Hoa
			Limestone	Ninh Van, Ninh Binh
	Limestone	Ninh Van Com., Hoa Lu, Ninh Binh	White stone	Vinh City, Nghe An
Nhoi village, Thanh Hoa	Blue stone	Khe mountain, Dong Son, Thanh Hoa	Granite	Quy Nhon City, Binh Dinh
			Blue stone	Khe mountain, Dong Son, Thanh Hoa
Buu Long village, Dong Nai	Blue stone	Buu Long mountain, Bien Hoa city, Dong Nai	Blue stone	Binh Duong
			Red stone	Phu Yen, Khanh Hoa
			Blanch stone	Hue City
Non Nuoc village Ngu Hanh Son, Da nang City	White stone, Rose stone, Marble	Marble mountain area, Ngu Hanh Son, Da Nang	Limestone	Bac Kan, Vinh, Nghe An, Thanh Hoa
			White stone	Quang Ninh
			Sand stone	Dong Nai
			Others	Lang Son, Ha Tien

Source: JICA Study Team

- (b) **Production Process:** Stonecraft making is basically done through the use of mallets, wedges, chisels, bats, rulers, hammers, drills, and grinding tools. These tools are available domestically.
- (c) **Techniques and Quality:** Stone carving is done with the use of simple tools. However, compared to other craft making like bamboo and rattan, it requires greater skills and technique. This is why short-term trainings usually do not suffice in mastering stone carving skills. Apprenticeship not only requires the mastery of technique and skills but also involves great skill at reading a stone so that it will not crack when the carving begins. Blue stone found in Dong Son, Thanh Hoa province, is said to be the most beautiful hard stone in Vietnam.
- (d) **Labor Force:** Among the craft industries, stone carving had the largest gender gap among its workers. The mapping survey showed that 75% of its 10,211 craftspersons were male. Also compared to other craft making, stone carving had the highest potential for danger for craft workers. Male workers make a monthly average income of VND 568,000 (equivalent to US\$ 37.80), while female workers net VND 456,000 (equivalent to US\$ 30.40), which are much higher than earnings from the other crafts.
- (e) **Human Resources:** Like most of the craft industries, formal training for craft workers is minimal, even though stone carving is more demanding and requires greater skill from its workers. Only 7% out of the total craft workers received some

form of formal training. As in the other crafts, budding workers learn their skills within craft households or groups through apprenticeship. Because it requires great skills, a minimum of two to three years is needed for an apprentice to properly learn the basics of stone carving. The provincial governments of Da Nang and Vinh Phuc have developed trainings and technical assistance exchange programs to support the industry.⁹

- (f) **Production mechanism:** Production differs according to the region's economic condition, raw materials supply, style of stone carvings, etc. There are four main production levels – craft households, cooperatives, SOEs, and private enterprises.
 - (g) **Products:** Most items produced fall more under the label of “art” objects rather than common commercial items, like Buddha images, statues of historical and mythical figures, lions, dragons, turtles, stone monuments, and fine art pieces.
 - (h) **Working Environment:** A common workspace for stone carving basically requires a large space to accommodate large stones and rocks. In the craft villages, it is common to see several carvers work in a communal work site using dangerous tools, like saws and drills, without using proper protective gear like masks and goggles. Most workspaces are also adjacent to living spaces which contributes to the industry's high degree of health hazards coming from noise, dust, dyeing effluents, etc., which affect not only the workers but also other villagers.
- 3) Market and Distribution System
- (a) **Domestic Market:** Hanoi and HCMC share 56% of the domestic market. It is believed that as living standards continue to improve, the demand for stonecraft items for household decorations is getting higher, especially in urban areas.
 - (b) **Overseas Market:** The main export destinations are Asian countries – China, Hong Kong, Korea, and Taiwan – which account for 65% of total share. The rest of the export market is divided between Europe (25%) and the USA (10%). Some craft villages have made robust earnings from their export business.¹⁰

⁹ There is a large training center in Nong Nuoc village in Da Nang province, which invites master artisans for to deliver lectures and conduct workshops. Furthermore, with the assistance of DOI in Da Nang province, master artisans, who are golden hand awardees, went to Vinh Phuc province to teach local craftspersons.

¹⁰ Non Nuoc village in 2001 had a turnover of VND 44 billion (5 times more than in 1997). Half of the amount came from exports.

- (c) **Design:** The prevailing design of stone carvings basically centers on Buddhist or religious images, human statues, animal figures and home utensils. The aesthetic look of these designs is basically Asian. Hard stones are mainly used for the crafting of traditional items such as Buddha images, traditional animal figures, architectural pillars, staircases, etc. Various designs can be applied on soft stones. Some craftspersons who used to work on ivory and animal horns have shifted to soft stones. A case in point is Nhan Hien village in Ha Tay which used to be engaged in wooden carving. Its craft workers have shifted to soft stone carving. White stone can be dyed with different colors, thereby accommodating diversity of designs. The stone items for EU, US and Canada include statues and garden items. The use of soft stone has been increasing. However, along with the market for woodcarving products, the foreign buyers often prefer simple and uncomplicated designs on stonecraft products.
- (d) **Distribution System:** Many producers directly sell items to their domestic or overseas clients. Otherwise, products are exported via export companies. And as in many other craft industries, the SOEs and large enterprises are the only ones making a profit; producers in the craft villages often do not.

4) Direction of Development and Promotion

Stone carvings are enjoying steady growth in both the overseas and domestic markets. Currently, its main export destinations are Asia and Europe. However, if its product line is even more diversified to include common everyday items, there is a good possibility that its US and Japan market can expand. Appropriate measures, as well as promotions and development planning to ensure the industry of a steady supply of natural resources, are required at the national level. These should be supported by strategies for environmental management concerns at the regional and international level.

- (a) **Raw Materials:** Stone is a non-propagative material, and therefore, must be efficiently exploited. Because of natural resource protection and landscape preservation policies, their exploitation has been prohibited in several areas. Stone exploitation planning, for this reason, is needed to ensure supply for producers. It is also advisable to shift to soft stone since it still has a large underground supply. Besides, more restrictions should be imposed on the wasteful use of rock, marble, or rare stones.
- (b) **Technology Improvement:** The traditional stone carving techniques of Vietnamese stone carvers are highly developed. However, in order to improve

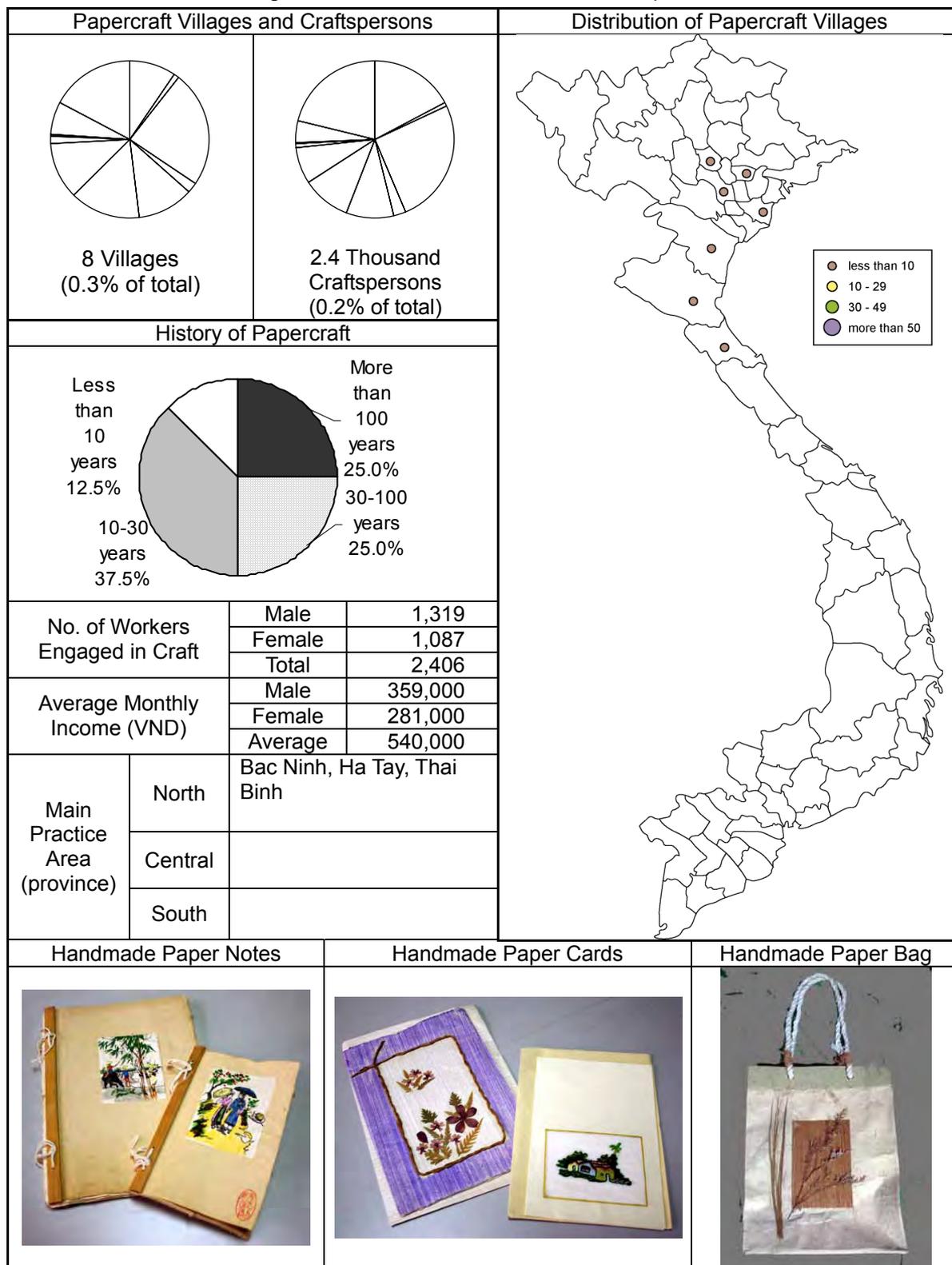
productivity, it is necessary to employ machines, such as splitters and polishers, on a number of processes and to complement manual techniques.

- (c) **Improvement of Labor Quality:** It is important to develop the aesthetic minds of craftspersons to enable them to create diverse, artistic products, thereby minimizing wastage of precious stone materials on tasteless articles. Effective inculcation of know-how on the proper use of machines is also needed to make sure that their operation will minimize accidents. Master artisans should be allowed to impart their skills and design techniques through training courses to help spread artistry and new designs.
- (d) **Preservation of Traditional Values:** Vietnamese stone carving is a rich repository of tradition and culture. However, today many articles are just copies of foreign designs. The creation of technical manuals and conduct of training courses are needed so that current and future carvers will understand and appreciate the rich tradition and values embedded in their craft.
- (e) **Improvement of Product Quality:** The most critical issue in stone carving is its generally poor aesthetics, particularly in carving human and animal figures. It is recommended that carvers focus more on making furniture, architectural items, garden lamps, etc. which match the nature of the stone material and their carving skills. Further, developing the creation of small, sophisticated souvenir objects carved from soft stones and then ageing them by dyeing is likewise important.
- (f) **Market Cultivation:** Because of their weight, big articles made of granite are not often exported as small items made of soft stones. Recently, several architectural structures have started adopting stone articles as furniture or decorations. Nevertheless, small items made of soft stones are still dominant.
- (g) **Working Conditions:** Gathering, transporting and carving large, hard stones is a strenuous and dangerous work. Following proper safety guidelines and equipment instructions is necessary to prevent accidents. Workshops and production areas are also commonly filled with toxic pollutants, such as stone dust and wastewater mixed with stone dust, as well as noise, which negatively impacts not only on the workers and their families but on the whole local community. It is important to provide workers the necessary equipment such as glasses, masks, etc.

5.10 Papercraft

1) Overview

Figure 5.10.1 General Information on Papercraft



Source: Craft Mapping Survey, 2002

Do paper was first produced in Vietnam during the Ly Dynasty in the 11th century. It was widely used until the middle of the 20th century. Several kinds of handmade paper were produced before by many paper craft villages such as the *ban* paper by Yen Hoa village, which was for general use; the *moi* paper made by the Ho Khau village for writing and book printing; the *quy* paper by the Dong Xa village, for gold and silver inlaying; and the *do* paper made by the Yen Thai village for official letters; as well as paper made by the Nghia Do village, for court use. The high demand and popularity of industrial paper resulted in the depressed market for handmade paper and the corresponding decrease in the number of *do* craft villages. The rise in the use of modern, machine-made paper has caused the traditional techniques used in making diverse kinds of handmade paper vanish. The mapping survey showed only eight villages in a very small area are engaged in *do* papercraft. As a traditional craft item, its value should be reviewed for conservation.

2) Production System

- (a) **Raw Materials:** *Do* paper comes from the *do* tree. A diameter of 4 to 8cm of its tree trunk is used to make general-use paper or for woodblock prints. For gold and silver inlaying, a diameter of 1 to 3cm of the tree trunk is used. Small-scale forestation is done in Vinh Phuc, Phu Tho, Thai Nguyen, and Quang Binh provinces. For paste, the bark of the *mo* tree is used instead of the inside part.
- (b) **Production Process:** The process of making *do* paper is as follows: The *do* bark is steamed then shaved and soaked in water to soften its fibers. Hard knots are removed and the bark is torn into flakes. Water is added and mixed to make pulp. The pulp is laid on a *xeo*. The resulting paper is peeled from the *xeo*. A pile of paper 30 to 40cm high is pressed to squeeze water from it. Paper is individually dried. For thicker paper, two or three layers of paper are dried together.
- (c) **Techniques and Quality:** Compared to industrial paper, *do* paper is rough and its quality is relatively not high. However, it is so durable that it does not corrode even for hundreds of years. The special *do* paper which comes with flower patterns is not produced anymore. Approximately 1,000 to 1,500 layers of paper can be produced a day by each craftsperson.
- (d) **Labor Force:** The production of handmade paper is considered as sideline work not a full-time job. Tasks are commonly divided among members of the craft household. The elderly and the children are often the ones who shave the bark of the tree, the men smash the barks to soften them, while the women work on the *xeo*, drying and sorting them out. The mapping survey revealed that only eight

villages are engaged in handmade paper, which is the second smallest number of craft villages after woodblock printing. Approximately 2,800 people are engaged in it, and like lacquer craft and ceramics, no gender differences were found. The average age of workers is 38, which is higher than the age of workers in other crafts. Master artisans, however, are ageing. The monthly average income is approximately VND 324,000 (US\$ 21.60), which could explain why the transfer rate of craft workers moving to industrial paper production is increasing.

- (e) **Human Resources:** There is almost no formal training in learning how to make *do* paper. Producers simply learn on the job.
- (f) **Production Mechanism:** Papercraft is completely managed by households. Although traditional techniques are still used, bark pulverizing machines and dryers have been adapted. Laying pulp on the *xeo* frame is done manually. Because of the limited market demand, only two kinds of papers are produced now: one for general use and the other for gold inlaying.
- (g) **Products:** The low demand for woodblock printing paper, general-use paper, and wrapping paper, has stunted production and has been limited to a minimal volume. Although foreigners favor paper with rustic design or feel, this is quite rare.
- (h) **Working Environment:** A considerable amount of water is used during the production process which turns to liquid waste. Sewage in the craft village is commonly polluted since appropriate water liquid treatment is non-existent. Furthermore, pungent smell stems from the steaming process. Since the whole process is commonly done in a small space where ventilation is often poor, this becomes a health hazard.

3) Market and Distribution System

- (a) **Domestic Market:** Dong Ho village in Bac Ninh province produces *do* paper for woodblock printing, while Kieu Ki village produces paper for gold inlaying. *Do* paper is also used by artists, in pagodas for the transcription of sutras and archiving purposes at the National Archives Department. Because of the low market demand for *do* paper, however, some villages have turned to producing tissue papers or cartons which are mostly made from recycled paper.
- (b) **Overseas Market:** The mapping survey showed that the overseas market for Vietnamese handmade paper is a mere 10%. The export market is Korea and Taiwan. Although handmade paper cannot be produced on a large scale, there are various foreign markets that are on the lookout for original handmade paper. So a

potential exist, especially for souvenir items.

- (c) **Design:** Designs are basic and simple. Cards made of *do* paper sold in Hanoi and HCMC stores target foreign tourists. Market potential will grow for handmade paper if more techniques and designs are applied on them. In fact, the production technique of Vietnamese handmade paper does not differ much from the production of *washi*, the Japanese handmade paper. Handmade-paper-based products should diversify into the production of boxes, notebooks, envelopes, postcards, bags, lamps, and screens.
- (d) **Distribution System:** Producers select the *do* tree themselves to ensure quality; thus, no middlemen usually exist between producers and raw materials suppliers.

4) Direction of Development and Promotion

Duong O village in Bac Ninh province used to have hundreds of households engaged in making handmade *duong* paper. Currently, however, only a few of them are left due to the rapid increase in industrial paper factories. *Ryuto* paper (*giay long dang*), an excellent handmade paper used by Vietnam's imperial courts for four hundred years on which to write their official documents, was made by one designated family near Hanoi. But this custom stopped after the wars. Moreover, all the official letters that used *Ryuto* paper were lost during the war-torn era. At present, only one ageing craftsman can produce the traditional *Ryuto* paper.¹ Efforts to preserve these techniques should be exerted not only through academic research, but also by reviving them through product development for new markets.

- (a) **Raw Materials:** Due to the lackluster market and minimal production, *do* trees, in many areas, have been cut down for other crops. However, it is not so difficult to resume plantation of the trees once demand picks up. The issue is to select the species with the best qualities.
- (b) **Production Technology:** Recently, many traditional techniques in making *do* paper have been improved. Besides the use of grinding machines, compressing machines have replaced manual rock compressors and driers instead of natural drying. However, ripping barks off the trees, removing unnecessary parts, preparing paper sheets, etc. are still done by hand. It is now important to improve grinding machines to produce higher-quality paper pulp.

¹ The laboratory of Prof. Isamu Sakamoto (Studies on Cultural Properties, Department of International Conservation, Kibi International University, Japan) established the "Association for Preservation of Cultural Heritage". The student-members of this association support the preservation of ryuto paper through technical research and promotions activities.

- (c) **Improvement of Labor Quality:** At present, although craft workers can only make ordinary types of *do* paper, some know the techniques to make the special ones that used to be available. Assistance is necessary to make master artisans pass on their techniques and train younger generations. It is also important to refer to production experiences in neighboring countries to improve local products.
- (d) **Preservation of Traditional Values:** There used to be many types of special *do* paper but the techniques used in their production have fallen into disuse. Only ordinary types are now being produced besides those used for laminating gold and silver. It is important to revive those special types of paper through proper study and research.
- (e) **Improvement of Product Quality:** There is a need for diversifying the type and quality of *do* papers, not only in terms of sheet thickness, but specifically in production techniques, like making better textures, the inclusion of dried leaves or flowers between paper layers, or the use of new materials, etc., to form special papers that can be used for postcards, handbook, stationery, high-class wrapping paper, origami papers, among others.
- (f) **Market Cultivation:** Due to poor design and low quality, Vietnamese *do* paper is likewise being hamstrung by foreign competition. To improve the situation, it is important to first improve product design and quality to allow exportation. There is a need to promote the use of *do* paper in local markets, such as for printing documents for the archives, painting and art books, postcards, and high-class papers, as well as promote other crafts, such as joss paper and paper toys, using *do* paper.

Box 5.10.1 Potential for Product Development of Handmade Paper

A Vietnamese NGO supported a family in Duong O village to develop impressive designs and tested the reactions of foreign customers living in Vietnam through a craft bazaar.

It was a big surprise that 36 trial notebooks of “do” paper decorated with different natural leaves and flowers were sold out within 2 hours.

This clearly shows that the customers are also looking for unique functional products.

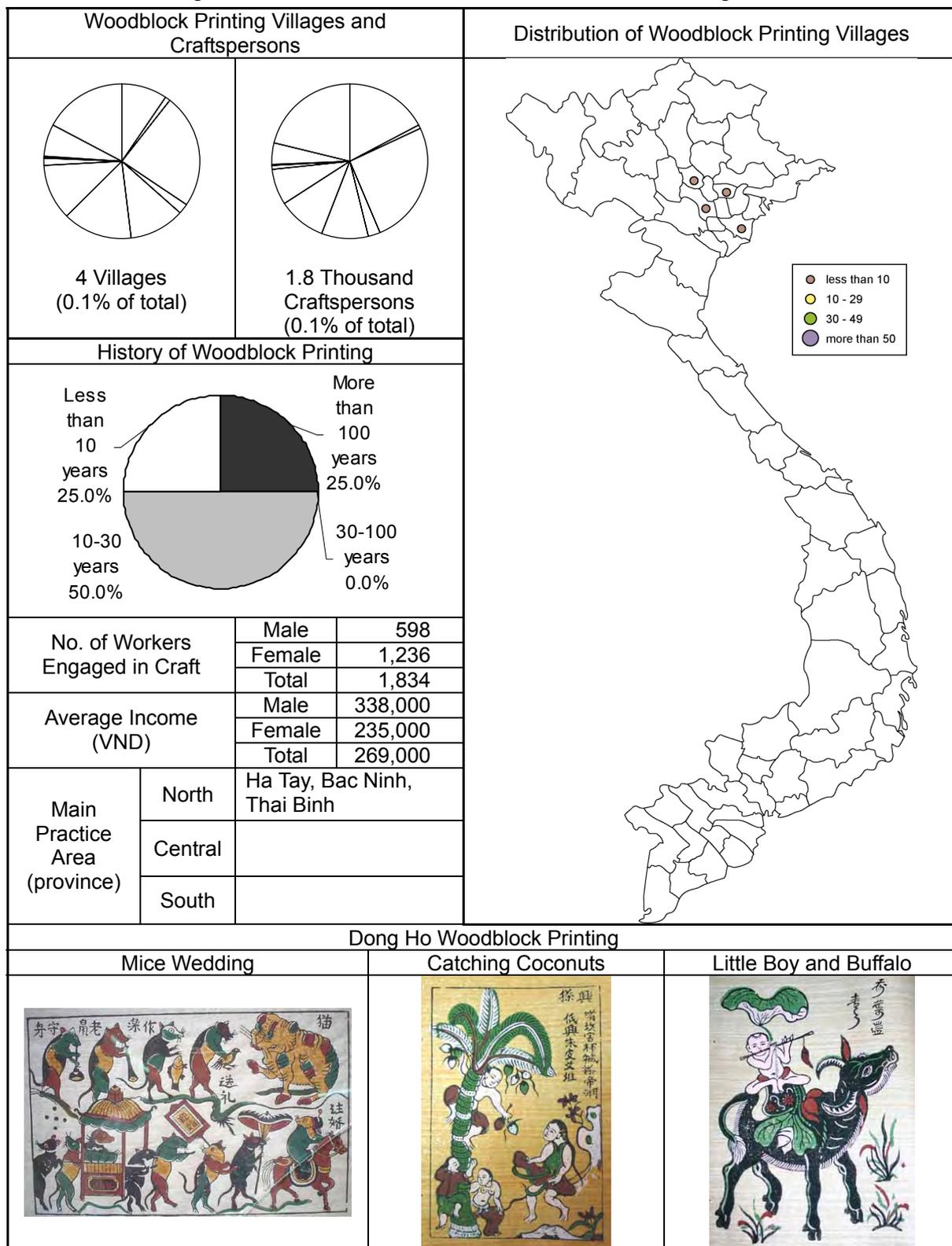
Source: HRPC

- (g) **Working Conditions:** The production of *do* paper requires prolonged soaking and brewing of *do* bark, which generates pungent smell and harmful wastewater. Production areas should be larger and well ventilated, and importantly, installed with wastewater treatment systems. Rubber gloves and boots should be compulsory gear to avoid direct contact with the water in which *do* bark are soaked in and pulp fluids.

5.11 Woodblock Printing

1) Overview

Figure 5.11.1 General Information on Woodblock Printing



Source: Craft Mapping Survey, 2002

Vietnamese woodblock printing was developed in the 11th century mainly to print Buddhist sutras onto *do* paper or were used for other religious rituals. In the 19th century, uses and motifs started shifting from religious to the social, like the printing of rustic rural scenes and rural life. This is particularly evident in the household decorations for the *Tet* Lunar New Year, which are a derivation of the folk woodblock printing called *Tranh Tet*. Lunar New Year woodblock prints became widely popular and fond artifacts loved by everybody regardless of class. The 18th and 19th centuries were the renaissance periods for Vietnamese woodblock printing. The advent of modern printing technologies in Europe in the 20th century, however, ushered in the popularity of photos, pictures, etc., effectively marginalizing the usefulness and popularity of woodblock printing everywhere including Vietnam. As a result, the country's number of printmakers and villages steadily declined. Only a few remain today. Although the popularity of Dong Ho print souvenirs remains, their production is done by only three families. The mapping survey showed that woodblock printing is now done in only four craft villages in Vietnam. Along with the issues of handmade paper, preserving the traditional values of woodblock printing is the key issue that needs to be addressed.

2) Production System

- (a) **Raw Materials:** The raw materials used in woodblock printing are found domestically. Wood either called *mit* or long *mac* is commonly used for woodblock printing. In general, all color coatings are made from natural ingredients, i.e. plants, bulbs, flowers, etc. Scales are used as glitters. Glue is made from rice. *Do* paper is used for printing, which is excellent in absorbing ink. Paper size of 25 X 35cm is usually used; generally, printing size is small. Tools required are chisels, carving knives, and scrubbers, which are made from pine leaves or vegetable sponge.
- (b) **Production Process:** In the old days, master artisans in the craft villages handled drawing designs and carving after which they leave pass the work on to others to finish. In effect, printing woodblocks using pre-made designs were a communal undertaking shared and owned by the whole village.
- (c) **Technique and Quality:** Only a few skilled craftspersons remain today. Since the seventies, highly skilled master artisans who can create new and beautiful motifs no longer exist.
- (d) **Labor Force:** The mapping survey showed that a mere total of 1,834 woodblock printers exist nationwide, the smallest number of craftspersons in the entire craft sector. The number of master artisans is dwindling. The average monthly income

that can be made from woodblock printing is only VND 269,000 (equivalent to US\$ 17.90). The limited market demand has depressed potential earnings for craft makers, the main factor why woodblock printers are declining in number.

- (e) **Production Mechanism:** There are three craft households that continue to produce in Dong Ho village, Bac Ninh province. Several stores along Hang Trong Street in Hanoi sell woodblock prints.
- (f) **Products:** Prints with both traditional motifs and new designs can be found in the market. Dong Ho prints, which show Vietnamese traditional festivities, rites and traditional animals, are particularly popular among foreign tourists. Also, prints sold at stores in Hanoi's Old City are popular even though they sometimes fetch for up to 10 dollars apiece, because their designs are favored by tourists and collectors.

3) Market and Distribution System

- (a) **Market:** Excellent and distinct prints were produced in the old days and they are now sold to collectors. The Dong Ho prints are purchased by a number of foreign buyers. However, main buyers are museums, antique collectors, public institutions, schools, etc. There are demands for items, such as pagodas, at souvenir shops and also at religious institutes.
- (b) **Design:** Traditional designs are mainly motifs on Buddhist myths and rituals, or depictions of rural life. Motifs commonly carried funny or witty messages and meanings. The motifs come in two styles:
 - *Dong Ho* Prints: Subjects are commonly rustic or rural existence. Strong and colorful lines are used. Several kinds of woodblocks are employed for one painting and coloring.
 - *Hang Trong* Prints: Subjects center around religious myths and motifs, or about rural girls. Soft and fine lines are used. Large-size formats, or a set consisting of two to four printings, are made. Woodblocks are used to draw the lines while coloring is done by hand.

4) Direction of Development and Promotion

It is believed that several hundreds of printing patterns still exist, although some experts believe that most of them have been lost either to natural causes or were sold during earlier times. Conservation of traditional raw materials, design patterns and techniques are the concerns that should be urgently addressed. Because of the lack of market demand, assistance and conservation policies by the Government and

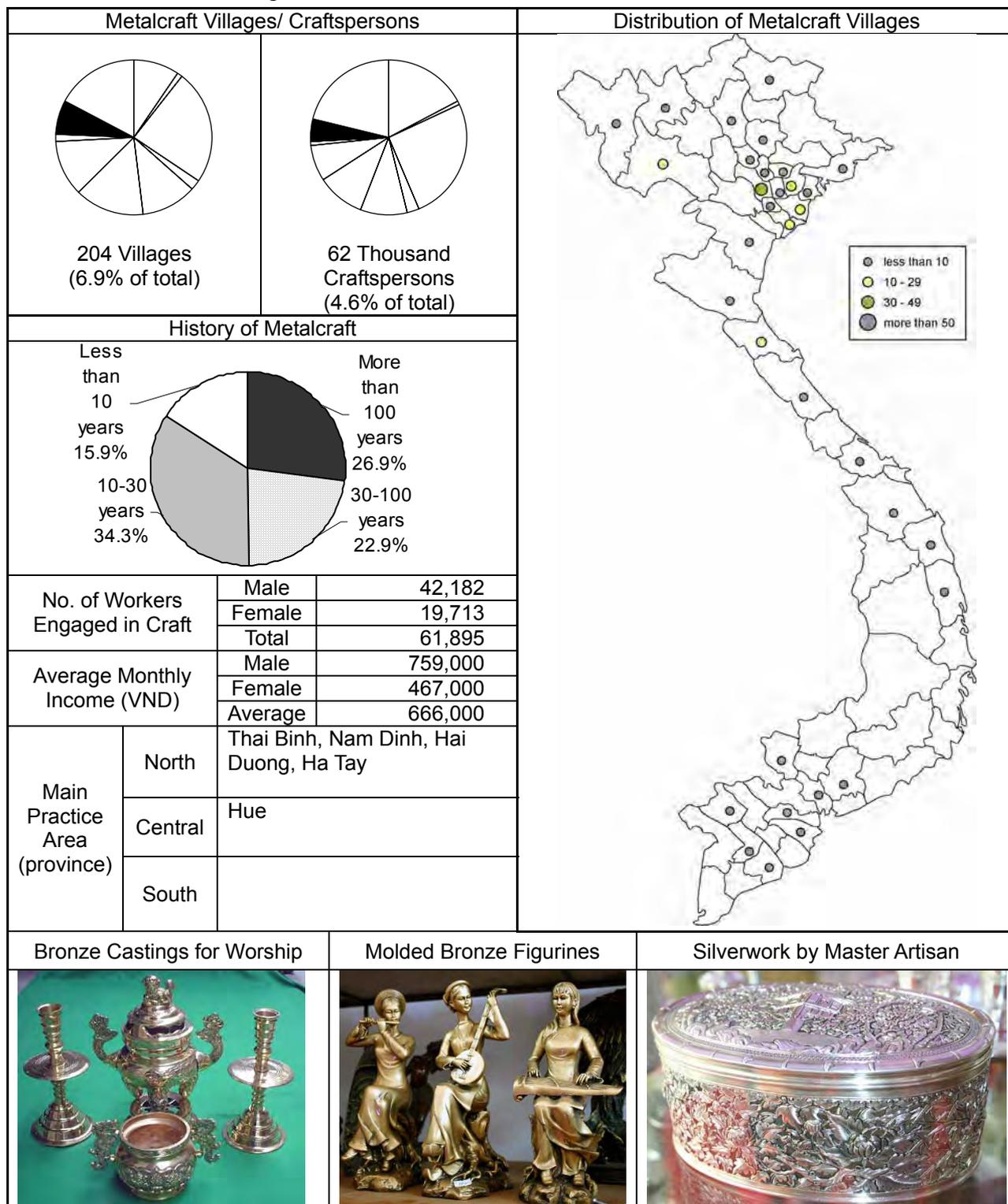
conservation efforts by research institutions both at home and abroad are needed.

- (a) **Working Conditions:** Main material used in woodblock printing is the *do* paper. Other additional materials used are the bark of *diep* tree, as well as different types of flowers, leaves, colored stones, etc. which are used to color the prints. These materials are all easily available.
- (b) **Improvement of Production Technology:** Woodblock printing techniques in Vietnam have almost been perfected using Vietnamese styles. However, research is needed on producing dyes that have a long shelf life.
- (c) **Enhancement of Labor Quality:** Quality of woodblock printing depends on the quality of the blocks used. This necessitates the importance of aesthetic value and skills for carvers so that the quality and beauty of the prints would be assured not only in terms of layout and styles, but also in making them look more alive on paper. Craft workers should be trained on aesthetics so that they are fully made aware of the use and combination of colors.
- (d) **Preservation of Traditional Values:** In general, woodblock printings have been able to retain traditional quality, which is reflected through the stories told in the prints, witticisms, carving styles, and colors. It is necessary to conduct researches and analysis in order to make craftspersons understand the traditional values in woodblock printings. The old stories should be preserved and reflected in the prints using traditional methods of color processing and materials.
- (e) **Improvement of Product Quality:** In general, although traditional quality remains in contemporary products, improvements should be made on wrapping papers and frames to match the value of the prints. Master artisans who can make prints in different sizes and forms should be encouraged and developed. Woodblock printings can also be applied to other types of products such as calendars, book cover, postcards, etc. At present, some collectors have started collecting woodblock prints and producers even sell their wood blocks. This is a new type of product that provides high income to the craftspersons.
- (f) **Working Conditions:** Woodblock printing almost makes no negative impacts on the surrounding environment. Production sites require to be large, well lighted and ventilated.

5.12 Metalcraft

1) Overview

Figure 5.12.1 General Information on Metalcraft



Source: Craft Mapping Survey, 2002

Ancient techniques on metalcraft production, such as the making of the well-known bronze drums, were handed down to current makers from ancient masters or artisans over two thousand years ago. Once bronze forging techniques were discovered in the 10th century, the forging bronze, which is much lighter, thinner, steadier than bronze casting, became popular especially for making dishware and small items. Iron-forged items were not popular household articles except as cutlery. However, the production of agricultural tools and implements became important tasks for blacksmiths. In the eighties, many forms of silverwork were produced for the Eastern European market. Today, the overabundance of items and tools made from industrial or modern methods in the country has resulted in the decline of the production and use of traditional metal products. Metalcraft workers are now producing jewelries and products for exports, while iron forgings are applied to copper plates to make construction materials. Although application and design have both dramatically changed with the times, the popularity of metalcraft products made through sophisticated means remains among some consumers.

2) Production System

- (a) **Raw Materials:** Different materials are used for different items, and supply sources likewise vary. Iron and copper can be obtained from vendors, while silver is imported, especially silver bars which are sold by importers. Processing methods differ per material, too.
- (b) **Production Process:** Bronze casting involves four processing stages: (1) dissolving copper, (2) casting, (3) cooling down, and (4) coloring. When a furnace is not used to dissolve copper, pot covered by several layers of soil is heated by putting coals on top of it. Dissolved copper is poured into casting molds. When they dry they are removed from the mold and then cooled. Coloring is done using grinders. Several kinds of hammers are used in the forging process to achieve certain shapes. Copper and silverwork are done by hand using several kinds of carving knives on the copper or silver sheet which is flattened down by a roller. Except for the use of certain kinds of machines, work is, basically, forged by hand.
- (c) **Techniques and Quality:** Metalcraft requires great skill. Bronze casting is now a meld of traditional techniques and new methods. Casting molds, especially, require fine skills and are thus produced only by experienced and skilled craftspersons. Although handmade casting is poorer in design compared with industrially made ones, they can be more completely forged. Due to carelessness in production, silver-plated items often quickly change its white color because workers sometimes just use one plating instead of at least three layers.

Table 5.12.1 Characteristics of Metalcraft Products

Category	Production Method	Product	Production Area
Bronze casting	Pour dissolved bronze into mold	Statues, fine arts, worship items	Hanoi, HCMC, Nam Dinh, Bac Ninh, Thanh Hoa, Quang Nam, Hue
Copper forging	Make form by forging using hammers	Trays, pots, vases	Bac Ninh, Thai Binh
Copper and silver carving	Carve on the surface of copper or silver for decoration	Boxes, trays, plates, bowls, pictures, decorative items	Thai Binh, Bac Ninh, Hanoi, Hai Duong
Metal encrusting	Add colored metal on the surface of bronze castings or copper forgings	Fine arts, statues, boxes, worship items	
Iron forging	Make form by forging using hammers	Knives, scissors, farming tools, construction gear	Ha Tay, Bac Ninh, Nam Dinh
Jewelries	Create using sophisticated and refined skills	Jewelries, small fine art articles	Hanoi, HCMC

Source: JICA Study Team

(d) **Labor Force:** The mapping survey showed that there are 204 metalcraft villages, which are mostly located in the Red River Delta area. The average population of each village is 2,071. Approximately 12.4%, or about 256 people, were directly engaged in metalcraft. There were few full-time workers and the presence of highly skilled artisan was limited. Most of the workers engage in it as sideline work and mainly handle supplementary tasks. Because of the depressed market, few workers from other villages are used. Since forging metal is a physically demanding work, most of the craft workers are males with age ranging from the 20s to 30s. Their average monthly income is VND 759,000 (equivalent to US\$ 50.60). The few craftswomen involved in it make about VND 467,000 (equivalent to US\$ 31.30) which is higher than other craft production. Earnings, however, vary depending on the degree of capability and skills. Highly skilled artisans can make up to VND 1 million (equivalent to US\$ 66.7). Their assistants, however, often earn a meagre VND 10,000 - 30,000 (equivalent to US\$ 1 - 2).

(e) **Production Mechanism:** Almost all members of a craft household are engaged in production, in some form or another. Like in other crafts, skills and techniques are generally kept within family bloodlines, the old passing them down to the young. Products are sold directly to markets, or delivered to enterprises that have contracts with the craft households. Some households form production groups consisting of family members, relatives, or acquaintances. Others have organized themselves into cooperatives or associations¹¹, and supply raw materials to their own members, jointly sell finished items, provide intra-trainings to members, etc.

¹¹ The Vietnamese Jewelry Craft Association and Hanoi Jewelry Craft Association were established in 1990 and 1997, respectively.

Private enterprises, especially those that want to maximize production without investing much, subcontract to craft households.

- (f) **Products:** Most items that are made are traditionally for common usage. For bronze castings items commonly made are statues, art objects, religious items, tools, and bells. Common copper forgings are trays, pots, and vases. For copper and silverworks, there are boxes, trays, plates, bowls, pictures, and decorative items. Metal encrusting products are commonly art items, statues, boxes, and religious objects. Common iron forgings are knives, scissors, farming tools, contractual materials. For jewelries, these are jewelry items and small art objects.
- (g) **Working Environment:** Metalcraft often involves the use of environmentally hazardous chemicals. Workshops are often littered with metal shavings or wastes and coals just lying near furnaces. A high degree of health risks exist in the workplace. This includes the potential inhalation of toxic gases, absorption of metal residues and other poisonous chemicals through the mouth and skin, the seepage of effluents from toxic chemicals, noise pollution from crafting machines, etc. These risks and pollutants not only pose a threat to residents of the craft village itself but to its surrounding areas as well.
- (h) **Financing and Capitalization:** An example of financing for the metalcraft industry is the Dong Xam metalcraft cooperative in Thai Binh province, which borrowed VND 50 million from the Industry and Trade Bank, to produce metalworks.

3) Market and Distribution System

- (a) **Domestic Market:** The craft villages have different markets. Copper products, like farming tools, daily implements, religious artifacts, etc., are mainly produced for the domestic market. These items are either sold at stores through private distributors or middlemen, or directly sold to the clients who ordered them.
- (b) **Overseas Market:** Among the metalcraft products, silver-plated and wrought iron items are exported. The main export market for silver-plated items are Laos, Thailand, Cambodia, and Greece. Wrought-iron items are exported to Canada, Australia and the UK. The silverworks made by Dong Xam Cooperative are exported to Laos, Cambodia and Thailand. Exports are usually initiated by private import-export traders that are based in the exporting country. Although export volume has increased 10 times in the last couple of years, two-thirds of the revenue go to the traders.
- (c) **Design:** Designs for bronze castings are mostly traditional or modified from

Chinese designs. New designs are few. For copper and silverworks, both traditional and copied designs are available, and they have been exported for over 40 years. Silver-plated items are not suitable for food or water use because they easily peel off and are prone to rusting. Design for silver items that are for export are mostly brought in by overseas clients. Wrought-iron products are recently becoming popular and strengthening its a market position. Most of these are purely wrought-iron products like candleholders and racks, or are melded with other materials such as jute, rattan, seagrass, etc. The trend of combining metal with other materials is increasing and its appreciation is growing among consumers.

- (d) **Rival countries:** Vietnam's main competitor for its silver-plated products is Thailand, which uses modern technology to process its metal products into fine and inexpensive jewelry items.

4) Direction of Development and Promotion

Metal processing is deeply rooted in the Vietnamese culture along with other crafts. Creating a development plan should not only focus on economic concerns and goals but should also address environmental degradation and potential social issues that can influence traditional values.

- (a) **Raw Materials:** The main raw materials that are used in metalcraft are copper, iron, and silver. Copper and iron are often sourced from junk that have been gathered by collectors, or are purchased from small vendors. Silver, on the other hand, is imported. In the long run, the metal wastes will not be regularly available, so it is important to set up plans to supply copper and iron for producers.
- (b) **Improvement of Production Technology:** Fewer people still pursue metal forging jobs. In fact, a large number of iron forging units have shifted to laminating iron using machines to meet demands for construction steels. Others also have adopted machines for a number of corollary activities like the making of ventilators, grinding wheels, etc. even as manual forging techniques remain in use. Bronze casting techniques are also mostly done manually although small machines are used for refining processes. Copper beating and silver carving machines can also be used in a number of other processes such as laminating sheets, metal polishing, etc. These developments only necessitate the further preservation of traditional techniques that have defined the uniqueness of Vietnamese metalcraft. There is also a need for research on new surface treatment techniques to provide longer durability to products.

- (c) **Enhancement of Labor Quality:** In the production of metalcraft products, a potential situation exists wherein workers tend to rely heavily on machines rather than improving their skills. Therefore, training in basic and advanced manual production is necessary, especially in crafting traditional items. The inculcation of scientific methods are also important so that craft workers can understand the technical aspects, such metal structure, and fully utilize their abilities. Aesthetic values and design capabilities should also be improved through proper training to gain more creativity in production processes.
- (d) **Preservation of Traditional Values:** One of the beauties of metalcraft items lies in the sophisticated manual skills that are used in forging them. These skills, which have a long history, must be preserved and further developed. Some of these techniques include: (1) making a one-block article, a type of metal product, which is mainly an iron product forged from a single iron block without welding or connections; (2) making a bronze casting, which, even though tens of tons in weight, requires continuous pouring of melt bronze into the mold to form a single block; and (3) making a copper forging from a single copper sheet. Decorations on the surface of a bronze casting are often simple spots and lines formed by hammering lines or spots. However, sophisticated beating techniques are required to emboss decorative textures on silver objects. In general, the products are all simple in shape, mainly using curving lines and shapes. This basic traditional style should be preserved and understood by both producers and consumer.

Box 5.12.1 Change in Tradition in Dai Bai Village

Dai Bai village is located in Dai Bai commune, Gia Binh district, Bac Ninh province. Legend has it that in the 11th century, during the early days of the Ly Dynasty, the founder – named Nguyen Cong Truyen – had learnt copper casting techniques during his official mission to China and taught them to villagers, who developed encrusting techniques during the Nguyen Dynasty.

Before, the village of Dai Bai was divided into four areas called *thon* (hamlet), each of which produced specific items. The western hamlet made cymbals and gongs, the outer hamlet made cookware, the middle hamlet made kettles, and the inner hamlet made basins. Such production system has now been greatly altered and more new items are made. However, Dai Bai village still tends to produce household appliances such as cookware, pots, trays, basins, gongs, and cymbals. At present, aluminum items are replacing copper items. In fact, the former now accounts for 60-70% of the production output. Despite their unique beauty, demands for metal-encrusted items are still limited because of high costs which local farmers cannot afford. As a result, only a few households can pursue this craft.

With the use of machines, production types in Dai Bai village have diversified. More products are made and quality is improved. However, there is an increasing gap between the poor and the rich. Melting plants as well as other production activities in the villages are adversely affecting people's health and the environment. Craftspersons are not used to wearing masks to protect them dust and smoke. This situation is quite similar with that in other villages: production expansion conflicts with social and cultural interests.

Source: JICA Study Team

- (e) **Improvement of Product Quality:** The development of modern methods and industrial machinery has gradually changed the mode of forging articles. Still, it

should be noted that forged knives, scissors, simple agricultural tools, and construction tools are better than wholly industrially made ones. Thus, these forged products should be further promoted. Besides, it is important to focus production on items for an expanding market such as candleholders, furniture, gates, fences, etc. Bronze casting should mainly focus on religious items, art objects, lamp stands, and interior decors. Silver carving should produce jewelry, art objects, high-class consumption goods using combinations with other materials such as wood, bone, ivory, lacquerware, ceramics, glass, etc.

- (f) **Market Cultivation:** So far, most forged, cast and beaten metalcraft items are consumed domestically, although copper and silver items are largely exported. Forged, cast and beaten items should be made in smaller forms so that they will be more suitable for the export market. Also, Vietnamese consumers have recently started using fine metal furniture, so a good market potential exists. Special attention should be paid to small bronze casting items and copper and silver carving objects as souvenirs for tourists.

- (g) **Working Conditions:** Overall working condition is not ideal. Production areas are mainly small workshops replete with clutter, dust, noise, heat, the smell of chemicals and melted metals, waste effluents mixed with soil (for making molds), metal shavings, etc. There is a need for the proper organization of production sites to separate facilities, like separating copper melting kiln and coating tanks, as well as to implement environmental protection measures. Craftspersons must be taught how to prepare and construct wastewater treatment facilities. Furthermore, the use of proper protective gear and equipment should be made compulsory for craft workers.

Table 5.13.1 Promotion and Development Priorities¹⁾

Issue		Rush Weaving	Lacquer ware	Bamboo & rattan	Ceramics	Embroidery	Weaving	Wood-craft	Stone-craft	Paper-craft	Wood-block Printing	Metal-craft
Raw materials	Conservation on site	B	B	A	B		B	B	B			
	Stable supply from other area		B	B		B	B	A	A			
	Quality improvement		A	B	B	B	A	B				
Production mechanism	Improvement of subcontractor system	B		B								
	Job creation	A		A		B						
Technique & quality	Technical improvement	B		B		B	B	B	B			B
	Equipment/machine investment		B		A							B
	Quality management						B					
Production process	Production management			B				B				
	Management capacity			B	B			B				
Design	Use of traditional designs						B			A	A	
	Designs matching demand	B	A	B	B	A		A	A			A
Labor force & Human resources	Income increase	A		B		B	B					
	Gender issue	B		B		A	B					
	Child labor issue	B		B		B						
	Ethnic minorities issue			A		A	A					A
Working environment	Labor risks							B	B			
	Health hazard								B			A
	Environmental issue				B		B	A				A
Overseas market	Market cultivation	B	B	B	A	B	B					
	Product differentiation	B		A	B	B		A				
Domestic market	Promotion of decorative use					B		B	A			B
	Promotion of use in daily life	B	B	B	B			B				B
	Souvenirs	B		B	B	B	B					
Distribution system	System improvement	B		B		B	B					
	Introduction of fair trade	A				A	A			B	B	
Traditional value preservation	Implementation of measures						A			A	A	
	Research and study		B				B			A	A	
Others	Network within Asia		A				B					
	Technical assistance from advanced countries		B		A		B	B				

Source: JICA Study Team

1) "A" denotes highest priority for improvement

The growth of Vietnamese crafts is significant. Its socio-economic impact is expected to affect a broad swath of society, particularly the rural areas and the ethnic minorities. In the current market economy, which calls for securing markets and earning further international distinction for Vietnamese crafts without being influenced by trends in the overseas market, the appropriate directions and strategies to promote and develop the craft sector must be formulated based on a detailed analysis of each craft.