Linkages and production and marketing of rice vermicelli in traditional craft villages of Bac Giang province

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1. Background
2. Study Objective
3. Methods
4. Results
5. Conclusion
I. RESEARCH BACKGROUND

Vietnam Agriculture Development since *Doimoi- Reform in 1986*

**Export:** Leading export countries (rice, tea, Pepper, coffee..); but raw Products

**Import:** processed food (dairy products, wheat powder)

Food processing allows to take an advantages of agricultural potentials and reduce food import pressure.

Traditional food such as vermicelli, fish sauce, rice noodles has become vital part of people’ daily lives of Vietnamese

Most traditional food has been processed at small-scale (households) in traditional craft villages

Developing value chains of traditional food helps to create employment and improving livings for rural people
I. RESEARCH BACKGROUND

Rice vermicelli craft village in bac Giang:


(ii). Thu Duong craft village, Nam Duong, Luc Ngan: started in 1950. 2009, trade mark registered as “mì Chữ”. 2014, about 30 tons/day (Hải Yến & Nguyễn Đoàn).

Creating employment for rural people but remaining issues in linkages in production and marketing of rice vermicelli products
II. STUDY OBJECTIVES

1. Analyze the situation of rice vermicelli production and marketing in Bac Giang province;

2. Assessing issues in linkages in production and marketing of rice vermicelli products in Bac Gang;

3. Propose measures for improving linkages in production and marketing of rice vermicelli products in Bac Giang.
III. METHOD

Processing: Bác Giang
Survey: 75 households
PRA: 2 groups
In-depth interview: 2 local staff

Marketing: in the Northern provinces
Survey: 73

Bac Giang city:
Dính Kế (Kế vermicelli)

H. Lục Ngạn:
Thữ Dương (Chữ vermicelli)

Rice shops: 5
Rice vermicelli processing households: 69
Rice vermicelli collectors: 1
Rice vermicelli wholesale: 34
Rice vermicelli Retailers: 9
Rice vermicelli consumers: 30
## IV. RESULTS

### Basic information of rice vermicelli production Households

Table 1: basic information of rice vermicelli processing households  
(On average per household in 2014

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>Đinh Kế (Kế vermicelli)</th>
<th>Thủ Dương (Chữ vermicelli)</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Surveyed HHs</td>
<td>Households</td>
<td>36,00</td>
<td>33,00</td>
<td>69,00</td>
</tr>
<tr>
<td></td>
<td>Times/HH/mont</td>
<td>19,00</td>
<td>16,41</td>
<td>18,29</td>
</tr>
<tr>
<td>2. Processing times/HH/month</td>
<td>Times/month</td>
<td>22,00</td>
<td>25,00</td>
<td>25,00</td>
</tr>
<tr>
<td></td>
<td>Times/month</td>
<td>15,00</td>
<td>6,00</td>
<td>6,00</td>
</tr>
<tr>
<td>3. Rice vermicelli</td>
<td>Kg/Hh/time</td>
<td>67,36</td>
<td>105,74</td>
<td>85,72</td>
</tr>
<tr>
<td></td>
<td>Kg/time</td>
<td>100,00</td>
<td>300,00</td>
<td>300,00</td>
</tr>
<tr>
<td></td>
<td>Kg/time</td>
<td>50,00</td>
<td>50,00</td>
<td>50,00</td>
</tr>
<tr>
<td>4. Rice vermicelli</td>
<td>Tons/year</td>
<td>15,36</td>
<td>20,82</td>
<td>18,81</td>
</tr>
</tbody>
</table>

*Source: Survey data in 2014*
Chains of rice vermicelli products

Factors
- Transportation
- Capital
- Labor
- Others

Functions
- Trading
- Processing
- Trading

Actors
- Wholesale buyers (n=5)
- Processor (n=69)
- Collectors (n=1)
- Wholesale sellers (n=34)
- Retailers (n=9)

Consumers of rice vermicelli (n=30)

Quantity (kg)
- 108
- 100
- 100
- 100
- 100

Price (000 VND/kg) (min-max)
- 9,50 (8,0-9,7)
- 20,17 (19,0-24,0)
- 27,46 (25,0-32,0)
- 22,82 (21,0-28,0)
- 25,79 (20,0-29,0)

Chain: 2 functions, 5 actors

Source: Data processing in 2014
## Linkages in rice vermicelli production and marketing

Table 2: Two basic types of linkages in rice production in Bắc Giang

<table>
<thead>
<tr>
<th>Legend</th>
<th>Dinh Ke rice vermicelli production cooperative</th>
<th>Association of production and marketing of Chu rice vermicelli of Luc Ngan district</th>
<th>Free processing households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>Recommendation by co-op</td>
<td>Supplied by the Association</td>
<td>Free buying</td>
</tr>
<tr>
<td>Vegetable Oil</td>
<td>Recommendation for using</td>
<td>Supplied by the Association</td>
<td>Free buying</td>
</tr>
<tr>
<td>Packing and trademark management</td>
<td>Co-op monitored the use of trademark “Ke rice vermicelli”</td>
<td>Supplied by the Association</td>
<td>No</td>
</tr>
<tr>
<td>Tie</td>
<td>Free buying</td>
<td>Supplied by the Association</td>
<td>Free buying</td>
</tr>
<tr>
<td>Fuel, firewood</td>
<td>Free buying</td>
<td>Recommendation by the Association</td>
<td>Free buying</td>
</tr>
<tr>
<td>Cleaning machine, drying frame</td>
<td>Commitments between households and the co-op</td>
<td>Commitments between households and the association</td>
<td>Regular</td>
</tr>
<tr>
<td>Capital</td>
<td>Difficulties to access capital</td>
<td>Association gave money in advance with payment of less than ≤ 10 million VND/time</td>
<td>Difficulties to access capital</td>
</tr>
</tbody>
</table>
## Horizontal linkages in rice vermicelli processing

### Table 3: Strengths and weakness of linkages in rice vermicelli processing

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dinh Ke rice vermicelli production cooperative</td>
<td>Association of production and marketing of Chu rice vermicelli in Luc Ngan district</td>
</tr>
<tr>
<td>Members are active in finding input and output markets, and in the selection of buyers and being willing to accept risks</td>
<td>Members do not have to worry about selling outputs, can focus on production; Members are sure about the product quality; being able to participate in large markets</td>
</tr>
<tr>
<td>Small-scale production, uneven quality of products among members; difficulties to access large markets.</td>
<td>Members are passive in finding markets; loss of traditional buyers when being a member of association, high dependency on association.</td>
</tr>
<tr>
<td>Co-operative’s activities lacks of legal commitments, lack of commitment in product distribution</td>
<td>Association’s board members are required being active to access markets, have good understandings of law when signing economics contracts.</td>
</tr>
<tr>
<td></td>
<td>Activities have been strongly driven by family relationship</td>
</tr>
</tbody>
</table>
Vertical linkages in rice vermicelli production and marketing

Association of production and marketing of Chu rice vermicelli:
- Economic contracts have been signed between the Association and other input supply and output buying actors;
- Propagation of products to markets has been strengthened;
- Many agents, shops national wide;
- Contracts for export signed with export companies

However, remaining weaknesses:
- 2/3 of HHs (200) in village did not join the Association;
- Linkages have been mainly in forms of verbal agreement though mobile phone in regards to trading quantity, price, location and trading time as well as product quality.
- Actors came to HHs to buy products leading to a lack of producers' understanding about final consumers’ feedbacks.
Marketing Channel

Diagram: Rice vermicelli channel of Bac Giang

Source: Survey data processing in 2014
# Markets

## Table 4: Market and access to market of rice vermicelli in Bac Giang

<table>
<thead>
<tr>
<th>Market</th>
<th>Ke rice vermicelli - Dính Kế</th>
<th>Association of Chu rice vermicelli, Thu Duong</th>
<th>Free processing HHs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Domestic</strong></td>
<td>Hà Nội, Quảng Ninh, Bắc Ninh, Lạng Sơn, Thái Nguyên.</td>
<td>50-70 agents in Bắc Giang, Bắc Ninh, Quảng Ninh, Hải Phòng.</td>
<td>Based on long time reputation. Introduction of products through market fairs, meetings, conferences and restaurant,... Website, leaflets.</td>
</tr>
<tr>
<td></td>
<td>Regular buyers (2-3 buyers/HH)</td>
<td>Based on long time reputation.</td>
<td></td>
</tr>
<tr>
<td><strong>Oversea</strong></td>
<td>Non</td>
<td>Market fair in China.</td>
<td>Non. Export of products to UQ by middle export company without the trademark “Chu rice vermicelli”</td>
</tr>
</tbody>
</table>

*Source: In-depth interview with leaders of co-operative and households in 2015*
Benefits of linkages in rice vermicelli production

- Higher economic efficiency;
- Conservation of food culture
- Human and social capital development
- Households with linkages gained higher income compared to no-linkage HHs in both rice vermicelli processing in both craft villages;
- Reducing pressures of rural-urban migration
Benefits of linkages in rice vermicelli production

- Strong linkages from input supply to marketing created higher income for processing HHs.
- Dĩnh Kế village: average annual income of co-op members is 130 million dong, about 1.3 times higher than non-co-operative’s members;
- Thủ Dương village: linkages in processing and marketing brought an annual income of 181 million dong, about 1.15 times higher than non–Association’s members.
Weaknesses in linkages

In two villages, although rice vermicelli products have been sold out but weak access to markets:

- “Chữ rice vermicelli” of Thủ Dương has been sold to oversease market but thorough middle actors and no use of trademarks of Chữ rice vermicelli”.
- Using buying-selling contracts but basing mainly on price of similar products in markets.
- Weak management of trademarks: Dĩnh Kế also used fake trademark of “Chữ rice vermicelli” of Thủ Dương.
- Arising competitiveness with other similar products such as quality of rice noodles, price of instant noodle and rice noodles.
- Communication of buying-selling information between HHs, co-operative and Association is still limited
Other issues in production and marketing of rice vermicelli products

- Traditional but uneven quality,
- Weak access to large markets;
- High dependence on weather conditions;
- Arising environmental problems;
- Unstable input supply market and lack of legal commitments;
- Difficulty in tracking product origins;
- Poor processing equipment;
- Manual workers with low technical skills;
- In both traditional craft villages: poor access to markets and market development
Improving linkages: Measure for development

Improving linkages

Production

Marketing

Improving product quality
Strengthen linkages in production

Cleaner production

Vertical linkages

Access to large markets

Horizontal Linkages

Economic contract development

Supports from different agencies

Strengthened cooperative organizations

Alternative measures

Benefits
Improving linkages: Measures for developments

- Reorganization of cooperative forms in production and marketing: equal benefits and memberships;
- Good drying conditions to improve the quality of products and expand processing scale;
- Strict sanction to trade cheating (fake trademark and packing) to protect the reputation of traditional craft villages and right benefits of consumers;
- Trainings on recording for having easy tracks of inputs and product origins. Strengthening management capacity for HHs’ heads and having better access to domestic and overseas markets.
- Integrated measures for waste treatment during rice vermicelli production processes.
V. CONCLUSION

- The need for sustaining craft villages: conservation of culture, generation of employments in off-farm seasons and income for rural people;
- Rice vermicelli processing in traditional craft villages: reducing imports of processed foods; stable society; create employments for rural peoples; improved incomes; decrease migration from rural to urban areas;
- Linkages in production and marketing: being vital for production development at a higher scale and having better access to market;
V. CONCLUSION

- Dealing with trade cheating issues;
- Reorganization of cooperation in processing;
- Ensuring good equipment for drying products;
- Being active in production and products' high quality and track of product origins.
THANK YOU
And
Question please!