

**INTERNATIONAL CONFERENCE ON LINKAGES AND COOPERATION IN
AGRICULTURAL PRODUCTION AND MARKETING IN THE CONTEXT OF
INTERNATIONAL ECONOMIC INTEGRATION**

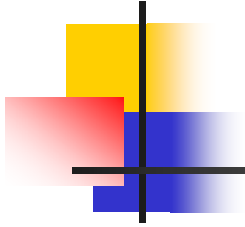
Linkages and production and marketing of rice vermicelli in traditional craft villages of Bac Giang province

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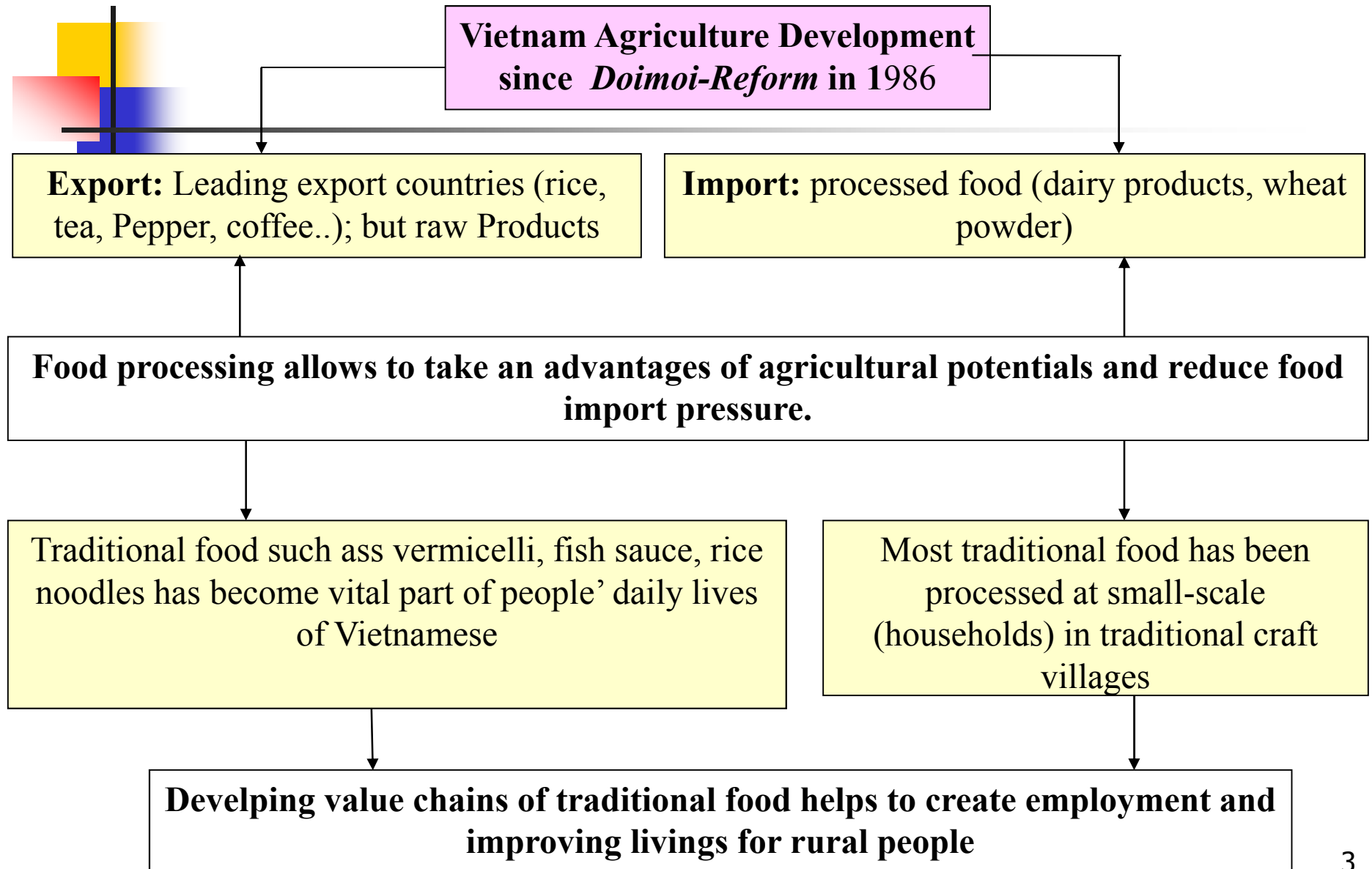
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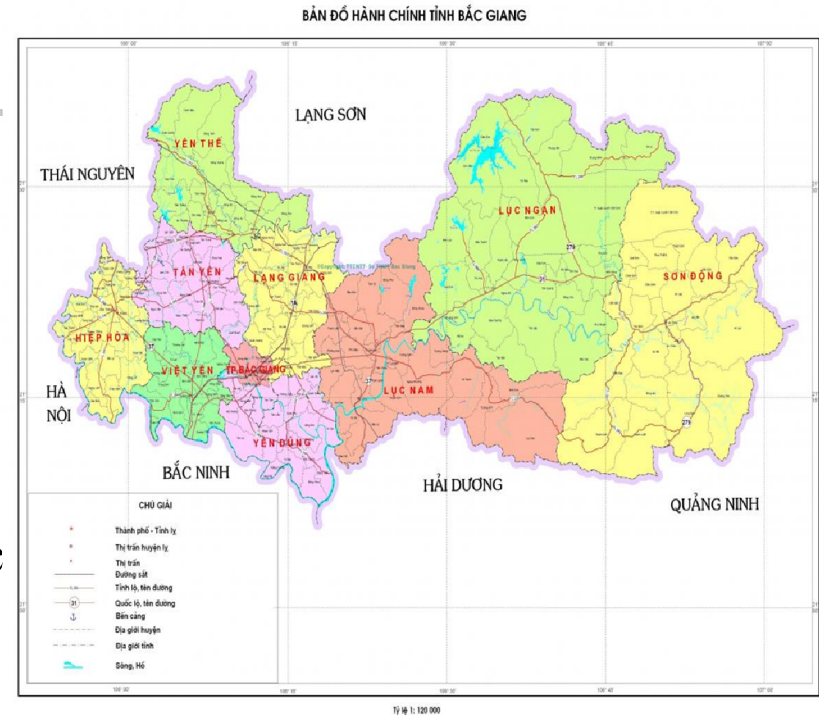
I. RESEARCH BACKGROUND



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Rice vermicelli craft village in bac Giang:

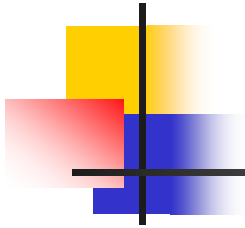
- (i). Dinh Ke craft village: Started in 1982.
2009, Trademark registered “mì Kề”.
2010, Approved as traditional craft village of Bac Giang province.
2014, 300 households in rice vermicelli processing; about 9 tons/day (Hải Yến, 2014).
- (ii). Thu Duong craft village, Nam Dương, Lục Ngạn:
started in 1950.
2009, trade mark registered as “mì Chũ”.
2014, about 30 tons/day (Hải Yến & Nguyễn Đoàn).



Nguồn: <http://songoaivu.bacgiang.gov.vn>

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;

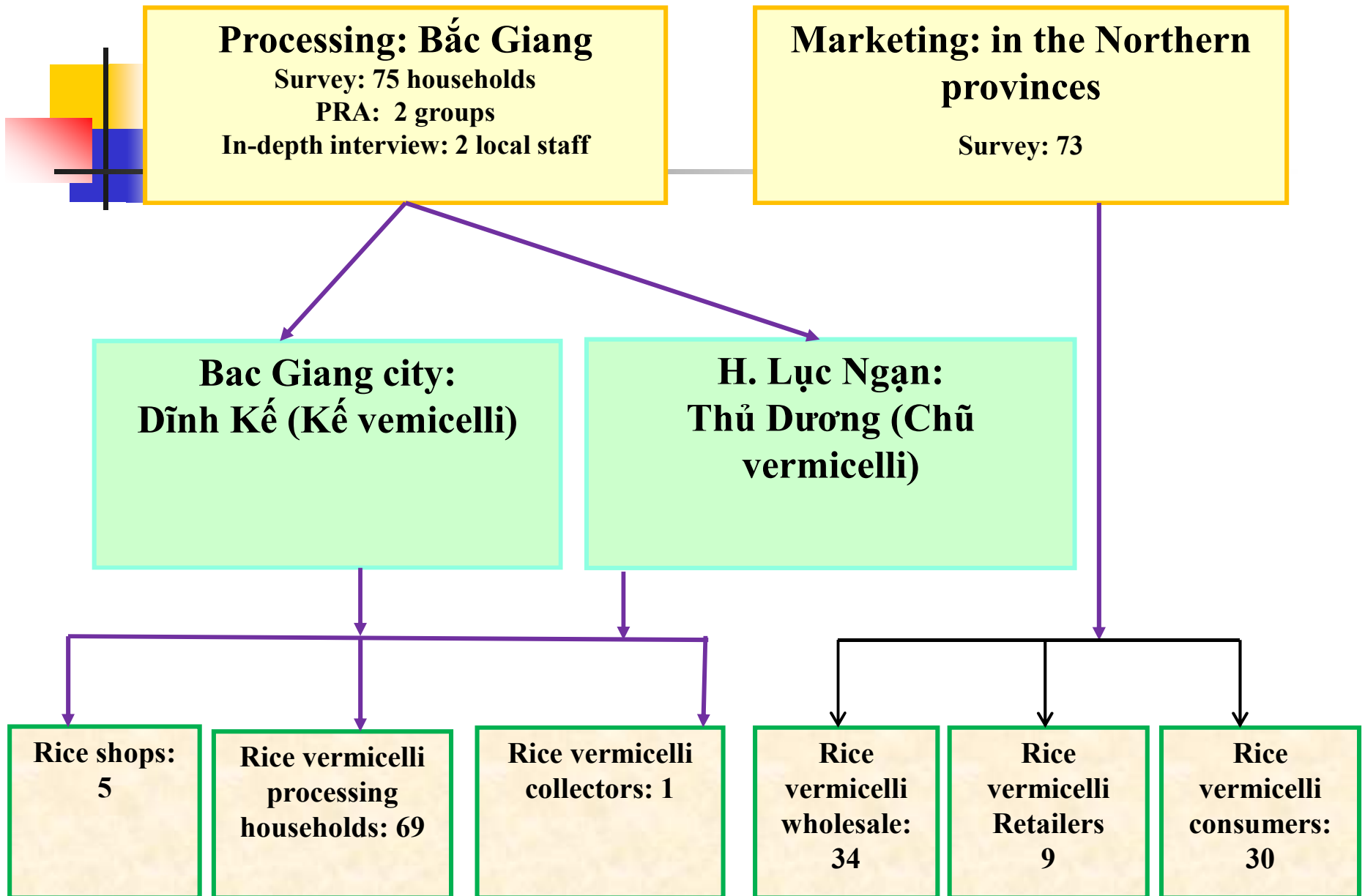
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- Assessing issues in linkages in production and marketing of rice vermicelli products in Bac Gang;

3

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

III. METHOD



IV. RESULTS

Basic information of rice vermicelli production Households

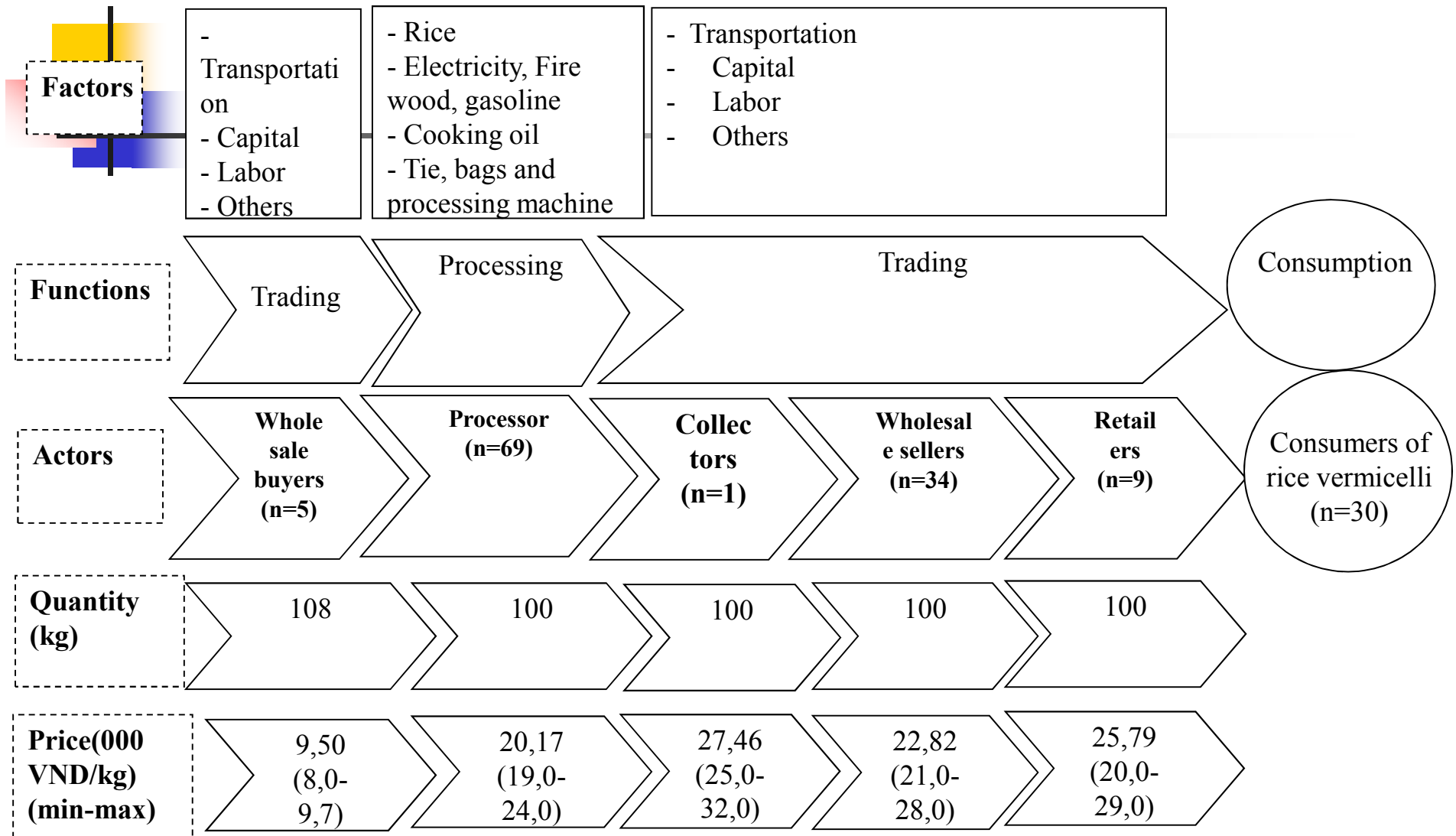
Table 1: basic information of rice vermicelli processing households

(On average per household in 2014)

	Unit	Dĩnh Kế (Kế vermicelli)	Thủ Dương (Chũ vermicelli)	Average
1. Surveyed HHs	Households	36,00	33,00	69,00
	Times/HH/mont			
2. Processing times/HH/month	h	19,00	16,41	18,29
+ Max	Times/month	22,00	25,00	25,00
+ Min	Times/month	15,00	6,00	6,00
3. Rice vermicelli	Kg/Hh/time			
Quantity/HH/time		67,36	105,74	85,72
+ Max	Kg/time	100,00	300,00	300,00
+ Min	Kg/time	50,00	50,00	50,00
4. Rice vermicelli	Tons/year			
Quantity/HH/year		15,36	20,82	18,81

Source: Survey data in 2014

Chains of rice vermicelli products



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

Legend	<i>Dinh Ke</i> rice vermicelli production cooperative	Association of production and marketing of <i>Chu</i> rice vermicelli of Luc Ngan district	Free processing households
Rice	Recommendation by co-op	Supplied by the Association	Free buying
Vegetable Oil	Recommendation for using	Supplied by the Association	Free buying
Packing and trademark management	Co-op monitored the use of trademark “Ke rice vermicelli”	Supplied by the Association Households protected the barcode themselves when tracking origins	No
Tie	Free buying	Supplied by the Association	Free buying
Fuel, fire wood	Free buying	Recommendation by the Association	Free buying
Cleaning machine, drying frame	Commitments between households and the co-op	Commitments between households and the association	Regular
Capital	Difficulties to access capital	Association gave money in advance with payment of less than 10 million VND/ha	Difficulties to access capital ⁹

Horizontal linkages in rice vermicelli processing

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

	Dinh Ke rice vermicelli production cooperative	Association of production and marketing of Chu rice vermicelli in Luc Ngan district
Strengths	Members are active in finding input and output markets, and in the selection of buyers and being willing to accept risks	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
Weaknesses	Small-scale production, uneven quality of products among members; difficulties to access large markets. Co-operative's activities lacks of legal commitments, lack of commitment in product distribution	Members are passive in finding markets; loss of traditional buyers when being a member of association, high dependency on association. Association's board members are required being active to access markets , have good understandings of law when signing economics contracts. Activities have been strongly driven by family relationship

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.

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graph TD
    A[Rice agents (HHs)] -- 82,53% --> C[Rice vermicelli collectors  
(Chu rice vermicelli production and marketing Association of Lục Ngạn)]
    A -- 45,66% --> B[Rice vermicelli processing (HHs)]
    A -- 11,46% --> D[Retailers  
(retailer HHs, supermarket...)]
    C -- 10,47% --> E[Export company)
    C -- 17,49% --> F[Rice vermicelli consumption (HHs)]
    B -- 10,09% --> F
    B -- 67,98% --> G[Wholesale]
    G -- 29,20% --> F
    G -- 100% --> H[Retailers  
(retailer HHs, supermarket...)]
    H -- 70,80% --> D
  
```

The flowchart illustrates the distribution of rice vermicelli from agents to various stakeholders. The process begins with Rice agents (HHs), who supply 82,53% to Rice vermicelli collectors (Chu rice vermicelli production and marketing Association of Lục Ngạn), 45,66% to Rice vermicelli processing (HHs), and 11,46% to Retailers (retailer HHs, supermarket...). The collectors supply 10,47% to the Export company and 17,49% to Rice vermicelli consumption (HHs). The processing HHs supply 10,09% to consumption and 67,98% to Wholesale. Wholesale supplies 29,20% to consumption and 100% to Retailers. Finally, Retailers supply 70,80% to the Retailers (retailer HHs, supermarket...) category.

Source: Survey data processing in 2014

Markets

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

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

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

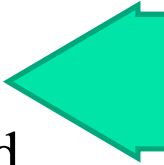


Benefits of linkages in rice vermicelli production

- 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:
- “Chũ rice vermicelli” of Thủ Dương has been sold to oversease market but thorough middle actors and no use of trademarks of Chũ 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 “*Chũ 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 informaiton between HHs, co-operative and Association is still limited



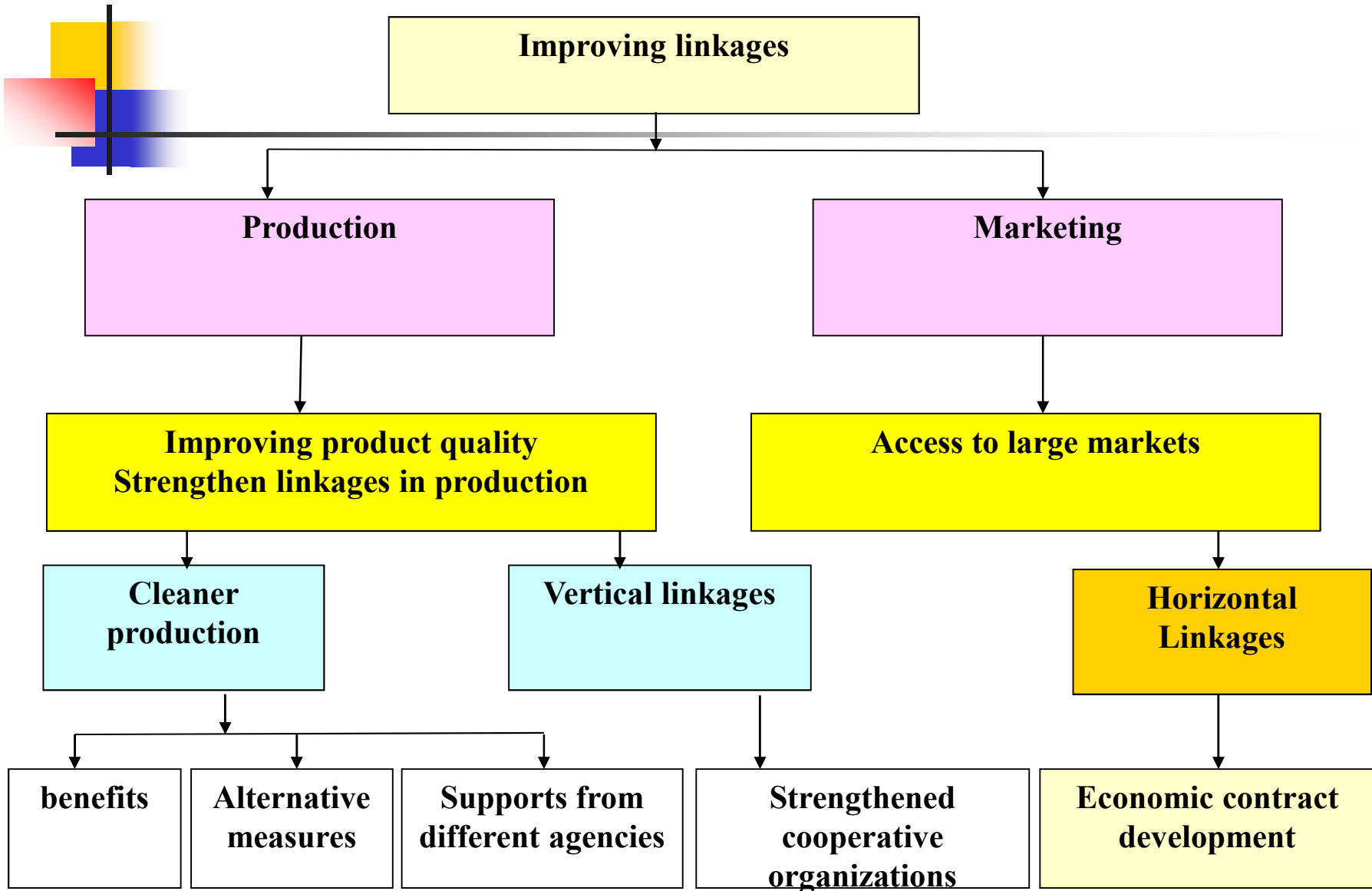
Weaknesses
in both of
horizontal
and vertical
linkages in
production
and
marketing

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

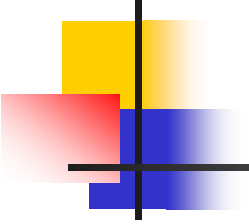




Improving linkages: Measures for developments

- 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.

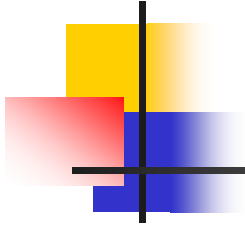
V. CONCLUSION

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- 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!