



Asia-Pacific
Economic Cooperation

**APEC/SME Seminar on Support for
Local and Cottage Industries**

APEC “One Village One Product” Seminar

**-Joint Implementation of AMEICC Workshop on
Developing Craft Village-Based Tourism-**

22-23 September, 2006, Ha Noi, Viet Nam

APEC Project SME02/2006T

This report was prepared by Asia SEED

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Abbreviation List

ABAC	APEC Business Advisory Council
AECI	Agencia Espanola de Cooperacion Internacional (Spanish International Cooperation Agency)
AMEICC	ASEAN Economic Ministers and METI of Japan Economic and Industrial Cooperation Committee
AOTS	The Association for Overseas Technical Scholarship
ASEAN	Association of Southeast Asian Nations
Asia SEED	Asia Science and Education for Economic Development
ASMED	Agency for Small and Medium Enterprise Development
BDS	Business Development Services
HUAIC	Ha Noi Union Associations of Industry and Commerce
ICCI	Indonesian Chamber of Commerce and Industry
IFAT	International Federation for Alternative
IVEA	Indonesian Village Entrepreneur Association
JBIC	Japan Bank for International Cooperation
JETRO	Japan External Trade Organization
JODC	Japan Overseas Development Corporation
MARD	Ministry of Agriculture and Rural development
MEs	Micro-enterprises
METI	Ministry of Economy, Trade and Industry
MIME	Ministry of Industry, Mines and Energy
MOEA	Ministry of Economic Affairs
MPI	Ministry of Planning and Investment
OTOP	One Tambon One Product
OVOP	One Village One Product
SMEA	Small and Medium Enterprise Administration
SMEPDO	SME Promotion and Development Office
SMEs	Small and Medium Enterprises
SNV	Stichting Nederlandse Vrijwilligers (Foundation of Netherlands Volunteers)
VACV	Vietnam Association of Craft Village
VARISME	Vietnam Association of Rural Industrial SME
VCCI	Vietnam Chamber of Commerce and Industry
VNAT	Vietnam National Administration of Tourism
WEC	West East Corridor

Overview

Background

In their Joint Statement at last November's meeting in Busan, Korea, APEC Ministers stressed *"The need for additional APEC activities to promote international trade for SMEs and MEs that had high export potential but lacked a formal channel to export their products and services, and committed to continue working to reduce and remove existing impediments for SMEs and MEs to enter international markets."*

Viet Nam, the chair of APEC 2006, emphasizes that to *"Enhance Competitiveness of Small and Medium Enterprises"* and to *"Connect APEC economies through Tourism and Cultural Exchange"* are important, configured respectively as the second and sixth priority of "Priority of APEC 2006" which was adopted at the first Senior Officials' Meeting in Ha Noi.

To respond to the directions from Ministers swiftly, and to contribute to the success of APEC 2006 as well as the development of the APEC region, a seminar was proposed to support the development of local and cottage industries through sharing experiences and know-how of capacity building activities particularly in the ASEAN economies.

This seminar was jointly organized with the workshop on "Developing Craft Village based Tourism" under the framework of AMEICC, which has implemented various cooperation projects for industrial and economic development of local industries in ASEAN.

Objectives

The seminar was aimed to:

Build up the capacity of governments and private sectors which are involved in the development of local and cottage industries through sharing experiences and know-how of:

1. conducting successful projects such as "One village One Product",
2. improving the potential of regional resources, and
3. helping the export of products of sufficient quality to the world market.

Organization

The seminar was organized by VNAT and Asia SEED. This report was prepared by Asia SEED.

Program

Day 1: September 22 (Fri)

- 08:30-08:45 **Introduction** by Prof Dr. Yonosuke Hara, Chairman of Asia SEED
Opening Remarks by Dr. Pham Tu, Vice Chairman of VNAT
- 08:45- **SESSION 1: Panel Discussion on**
 10:30 “One Village One Product” Project”
Introduction of a successful project related to the promotion of local industry through strong partnerships between the marketing abilities of SMEs in cities and traditional production technology of the agricultural community.
- Speakers ➤ Mr. Takuji Sakai, Director, Asian Cooperation Division, Trade and Economic Cooperation Department, JETRO, Japan
 ➤ Ms. Natiya Suchinda, Assistant Director of Division 2, Office of OTOP, Department of Export Promotion, Ministry of Commerce, Thailand
 ➤ Dr. Robert Sun-Quae Lai, Director General, SMEA, MEA, Chinese Taipei
 ➤ Q&A, session chair: Prof. Dr. Yonosuke Hara, Asia SEED
- 10:30-10:45 Break
- 10:45- **SESSION 2 : Panel Discussion on**
 12:30 “Cooperation between Tourism and Local Industry”
Introduction of a successful project related to the promotion of the tourist industry as well as regional industry implemented by JBIC utilizing local products and tourism resources in villages for improving export promotion.
- Speakers ➤ Dr. Pham Trung Luong, Associate Professor, Deputy Director of Institute of Tourism Development Research, VNAT
 ➤ Ms. Kazuko Kano, Advisor to JBIC, Japan
 ➤ Mr. Chinnaphat Sangkhawuttichaikul, Senior Industrial Technical Office, Bureau of Cottage and Handicraft Industries Development, Department of Industrial Promotion, Ministry of Industry, Thailand
 ➤ Q&A, session chair: Prof. Dr. Yonosuke Hara, Asia SEED
- 12:30-14:00 Lunch Break
 Exhibition of traditional arts, crafts, village product at Seminar room
- 14:00- **SESSION 3-1 : Panel Discussion on**
 15:30 “Manufacturing and Marketing of Traditional Arts and Crafts

-Entrepreneurship Education Projects-”

Introduction of successful projects related to the promotion of a traditional local industry growth potential through strong partnerships between intellectual centers such as universities and regional industries.

- Speakers
- Introduction by Prof Dr. Yonosuke Hara, Asia SEED
 - Prof Dr. Takeru Oe, Professor of Waseda University Institute of Asia-Pacific Studies, Japan
 - Mr. Stephen Paterson, Advisor, National University of Management, Cambodia
 - Dr. Sunanta Fabre, Associate Professor, Mae Fah Luang University, Thailand
 - Q&A, session chair: Prof. Dr. Yonosuke Hara, Asia SEED

15:30-15:45 Break

SESSION 3-2 : Panel Discussion on

“Manufacturing and Marketing of Traditional Arts and Crafts -Case Studies of APEC member Economies-”

Introduction of successful case studies of APEC member Economies related to the promotion of traditional local industries.

- Speakers
- Mr. Komank Redana, Entrepreneur, Yayasan Mitra Bali, (foundation), member of IFAT, Indonesia
 - Mr. Ismail Mat Amin, Deputy Director General, Malaysian Handicraft, Malaysia
 - Q&A, session chair: Prof. Dr. Yonosuke Hara, Asia SEED

16:45-17:00 **Closing Ceremony with photo session**

18:00-19:30 **Reception** at Function Room 6 (2nd Floor, conference room wing), Melia Ha Noi Hotel
Welcome Address by Mr. Izuru Kobayashi, representative of AMEICC Secretariat
Greetings from Mr. Nguyen Viet Hung, representative of Phu Vinh Village

Day 2: September 23 (Sat)

- 08:30 Leave Hotel for field trip
- 10:00 Arrive at Phu Vinh Village, Hatay Province near Ha Noi
- 10:00-11:30 Visit village artisan craftsmen, handicraft SMEs and exporting company in the village
- 11:30 Leave the village for Ha Noi
- 13:00-14:30 Lunch and Wrap-Up session at Thang Long Restaurant in Ha Noi
- 15:00 Arrive at Hotel

Participants List

Speaker and Session Chair

No.	Name	Economy	Postion	Affiliation
1	Dr. Pham Tu	Viet Nam	Vice Chairman	VNAT
2	Mr. Takuji Sakai	Japan	Director	Asian Cooperation Division, Trade and Economic Cooperation Department, JETRO
3	Ms. Natiya Suchinda	Thailand	Assistant Director of Division 2	Office of OTOP, Department of Export Promotion, Ministry of Commerce
4	Dr. Robert S. Q. Lai	Chinese Taipei	Director General	SMEA, MOEA
5	Dr. Pham Trung Luong	Viet Nam	Associate Professor	Deputy Director of Institute of Tourism Development Research, VNAT
6	Ms. Kazuko Kano	Japan	Advisor	JBIC, Tokyo
7	Mr Chinnaphat Sangkhawuttichaikul	Thailand	Senior Industrial Technical Officer	Bureau of Cottage and Handicraft Industries Development, Department of Industrial Promotion, Ministry of Industry
8	Prof Takeru Ohe	Japan	Professor	Waseda University, Institute of Asia-Pacific Studies
9	Mr. Stephen Paterson	Cambodia	Lecturer, Advisor	National University of Management
10	Dr Sunanta Fabre	Thailand	Associate Professor	Mae Fah Luang University
11	Mr. Komank Redana	Indonesia	Entrepreneur	Yayasan Mitra Bali (foundation), member of IFAT
12	Mr. Ismail Mat Amin	Malaysia	Assistant Director General	Malaysian Handicraft Development Corporation
13	Dr. Yonosuke Hara	Japan	Chairman	Asia SEED, Tokyo

Participant

No.	Name	Economy	Postion	Affiliation
1	Mr. Maurice C. M. Yang	Chinese Taipei	Senior Officer	International Affairs Division, SMEA, MOEA
2	Dr. Ilhamy Elias	Indonesia	Chairman (ICCI), President (IVEA)	ICCI, IVEA
3	Mr. Neddy Rafinaldy	Indonesia		Ministry of Cooperative's & SMEs
4	Mr. Samsul Hadi	Indonesia		BDS Indonesia
5	Mr. Michinori Hirota	Japan	Assistant Director	APEC Office, Trade Policy Bureau, METI
6	Ms. Rumi Kondo	Japan	Associate	Asia SEED, Tokyo
7	Mohd Shariff Hamid	Malaysia	Officer	Malaysian Handicraft Development Corporation
8	Mr. Md Rashid B. Ulong	Malaysia		Hazwen Enterprise
9	Mr. Zainor Hashim	Malaysia		
10	Mr. Bernardo Podolsky Rosenfeld	Mexico		Gift Mexican Association (AMFAR)
11	Ms. Rocio Vazquez Perez	Mexico		Mexican Ministry of Economy

12	Mr. Huha Avia	Papua New Guinea	Manager	Small Industries Centre, a division of; Small Business Development Corporation
13	Mr. Nathan I. Timo	Papua New Guinea	Financial Incentives Schemes Co-ordinator	Small Business Development Corporation
14	Mr Felix Aguilar Rojas	Peru	Counselor	Produce Compite Program (in charge of market development), Competitiveness Direction, Ministry of Production
15	Ms. Gladina M. Aquino	Philippines	Chief Trade & Industry Specialist	Dept of Trade & Industry, Bureau of Small & Medium Enterprise Development
16	Ms. Jocelyn Lb. Blanco	Philippines	Regional Director	Department of Trade and Industry, Region V
17	Mr. Izuru Kobayashi	Thailand	Representative	AMEICC Secretariat (/JODC)
18	Ms. Lalana Takerngrasme	Thailand	Micro Enterprise Strategies and Implementation Plan Officer	The Office of SMEs Promotion
19	Ms. Mai Onozawa	Thailand	Deputy Representative	AMEICC Secretariat (/JODC)
20	Ms. Sayaka Fukuda	Thailand	Associate	Asia SEED, Bangkok
21	Ms. Yuwadee Temrangsee	Thailand	Chief of Micro Enterprise Evaluation	The Office of SMEs Promotion
22	Mr Chea Dara	Cambodia	Deputy Director	Department of Small Industry and Handicrafts, MIME
23	Mr. Chhoeung Kan	Cambodia	Coordinator	Khmer Silk Processing Association
24	Mr. Hong Sokhour	Cambodia	Economic Lecturer	Royal University of Law and Economic Sciences
25	Ms. Mongkol Phalla Plong	Cambodia	Deputy	Deputy Office of Business Service and Competition Office, Domestic Trade Department, Ministry of Commerce
26	Mrs Andrina Lever	Canada	Lever Enterprises	ABAC Member
27	Mr. Mou Xiongbing	China	Division Chief	China Center for Business Cooperation and Coordination
28	Ms. Xiao Ruxin	China	Officer	China Center for Business Cooperation and Coordination
29	Mr. Bountheung Douangsavanh	Laos	Director	Policy Research Division, SMEPDO, Ministry of Industry and Commerce
30	Mr. Malaithong Kommasith	Laos	Lecturer	Faculty of Economics and Business Management, National University of Laos
31	Mr. Viengsavang Thippavong	Laos	Junior Economic Researcher	Economic Research Institute for Trade/ Ministry of Industry and Commerce
32	Mrs. Khamla Phandanouvong	Laos	Project Coordinator	Lao Handicraft Association
33	Daw Tin Swe Aye	Myanmar	Director	Planning, Research Engineering, Cottage Industries Dept., Ministry of Cooperatives
34	Mr. Soe Than	Myanmar	Head of Division	Director of Myanmar Industrial Planning
35	U Maung Lin	Myanmar	Asst. Lecturer	Myanmar Lacquerware College Bagan
36	U Win Naing	Myanmar	Local Entrepreneur	Wood Carving & Furniture Business Pyinmana
37	Mr. Ngo Duc Anh	Viet Nam	Lecturer, Msc	National Economics University, Ha Noi, Vietnam
38	Mr. Ngo Thanh Tung	Viet Nam		AOTS Ha Noi office
39	Mr. Takayuki Kido	Viet Nam	Director	AOTS Ha Noi office
40	Ms Duong Thi Viet Ha	Viet Nam	Sales Director	AOTS Alumni Society/Trung A Interior Decoration Co.,Ltd.

41	Mr. Ton Gia Hoa	Viet Nam	Head	Rural Profession Division, Department for Agro-Forestry Products Processing and Salt Industry, MARD
42	Mr. Nguyen Anh Minh	Viet Nam	Senior Expert /Program Officer	International Cooperation Department, MARD
43	Mr. Ngo The Hien	Viet Nam	Head	New Rural Development Division, Department of Cooperatives for Agriculture and Rural Development, MARD
44	Mr. Takashi Shino	Viet Nam	JICA Expert	International Cooperation Department, MARD
45	Mr. An Van Khanh	Viet Nam	Vice Director	Department of Agro-Forestry Products Processing and Salt Industry, MARD
46	Mr. Nguyen Ngoc Hien	Viet Nam	Vice Chief	Administration Office, ASMED/MPI
47	Ms. Nguyen Bich Thuy	Viet Nam	Officer	SME Promotion Division, ASMED/MPI
48	Ms. Nguyen Minh Thuy	Viet Nam	Officer	Business Registration Division, ASMED/MPI
49	Ms. Nguyen Kim Dung	Viet Nam	Officer	Technical Assistant Center for SME in Ha Noi, ASMED/MPI
50	Mr. Ta Xuan Quang	Viet Nam	Officer	Technical Assistant Center for SME in Ha Noi, ASMED/MPI
51	Ms. Nguyen Tung Anh	Viet Nam	Officer	Technical Assistant Center for SME in Ha Noi, ASMED/MPI
52	Ms. Vuong Thi Thu Thuy	Viet Nam	Officer	SME Promotion Center, Ha Noi Department of Planning and Investment.
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54	Ms. Hoang Thi Nguyet	Viet Nam	Deputy Director	SME Promotion Center, Ha Noi Department of Planning and Investment.
55	Mr. Vu Quoc Tuan	Viet Nam	President	VACV
56	Mr. Nguyen Van Mien	Viet Nam	Vice President	VACV
57	Mr. Dang The Truyen	Viet Nam	Vice President	VACV
58	Mr. Nguyen Dang That	Viet Nam	Director	Ha Khanh Fine Arts Joint Stock Company, Member of VACV
59	Ms. Pham Nhu Hoa	Viet Nam	Director	Hoa Anh Dat Limited Company, Member of VACV
60	Mr. Le Khac Triet	Viet Nam	Vice President and Secretary-General	VARISME
61	Ms. To Mong Hong	Viet Nam	Officer	VARISME
62	Ms. Nguyen Huong Thuy	Viet Nam	Officer	VARISME
63	Mr. Nguyen Anh Tuan	Viet Nam	Director	Ba Dinh Construction Joint Stock Company, VARISME
64	Mr. Dao Dinh Huyen	Viet Nam	Director	SME Assistance and Trade Promotion Center, VARISME
65	Mr. Le Anh Tuan	Viet Nam	Vice Director	Ha Noi trade and technology transfer company, VARISME
66	Mr. Ha Van Lam	Viet Nam	Vice President	Bat Trang Ceramic Association, HUAIC
67	Mr. Nguyen Trong Thu	Viet Nam	Administer	Bat Trang Ceramic Association, HUAIC
68	Mr. Le Xuan Pho	Viet Nam	Advisor	Bat Trang Ceramic Association, HUAIC
69	Mr. To Thanh Son	Viet Nam	Ceramic Master	HUAIC

70	Ms. Le Huong Giang	Viet Nam	Officer	HUAIC
71	Pham Huu Minh	Viet Nam	Director	Tourism Promotion Dept, VNAT
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74	Pham Quang Hung	Viet Nam	Director	International Cooperation Dept, VNAT
75	Nguyen Hong Diep	Viet Nam	Expert	International Cooperation Dept, VNAT
76	Dinh Manh Hung	Viet Nam	Division Director	SME Support Center, VCCI
77	Nguyen Que Anh	Viet Nam	Expert in charge of Trade promotion	Vietnam Cooperatives Alliance
78	Duong Quynh Hoa	Viet Nam	Staff	Project development and consultancy division, Vietnam Cooperatives Alliance
79	Bui Van Dung	Viet Nam	Deputy Director	Training and Membership committee, Vietnam Tourism Association
80	Truong Minh Tien	Viet Nam	Temporary Director	Ha Tay Tourism Department, Ha Tai Province
81	Dao Tien Dung	Viet Nam	Head	Tourism Division, Ha Tay Tourism Department, Ha Tai Province
82	Nguyen Van Luy	Viet Nam	Staff	Industry, Trade and Tourism Division, Ha Tai Province
83	Nguyen Viet Hung	Viet Nam	Secretary	Village Communist Party, Phu Vinh village, Ha Tay Province
84	Nguyen Van Doanh	Viet Nam	Vice President	Village People Committee, Phu Vinh village, Ha Tay Province
85	Nguyen Van Trung	Viet Nam	artisans and enterprises	Phu Vinh village, Ha Tay Province
86	Nguyen Van Tinh	Viet Nam	artisans and enterprises	Phu Vinh village, Ha Tay Province
87	Ngo Hoang Van Hanh	Viet Nam	artisans and enterprises	Phu Vinh village, Ha Tay Province
88	Tran Van Cuu	Viet Nam	artisans and enterprises	Phu Vinh village, Ha Tay Province
89	Pham The Tap	Viet Nam	Director	Hai Duong Trade and Tourism Dept, Provincial Tourism Department
90	Le Dac Thuat	Viet Nam	Deputy Director	Bac Ninh Trade and Tourism Dept, Provincial Tourism Department
91	Nguyen Xuan Con	Viet Nam	Head	Tourism management Division, Bac Ninh Trade and Tourism Dept, Provincial Tourism Department
92	Nguyen Huu Viet	Viet Nam	Expert	Ha Noi Tourism Dept, Provincial Tourism Department
93	Pham Thanh Tan	Viet Nam	Branch Director	Tan Dinh Tourism Joint stock company (FIDITOURIST)
94	Bui Dinh Binh	Viet Nam	Deputy Director	Ha Noi Saigontourist company
95	Phung Quang Thang	Viet Nam	Director	Ha Noitourist company
96	Nguyen Van Uc	Viet Nam	Branch Director	Branch of TNT company in Ha Noi
97	Douglas Hainsworth	Viet Nam	Tourism consultant	SNV
98	Inma Zamora	Viet Nam	Resident Representative	AECI
99	Nguyen Nguyet Minh	Viet Nam	Project officer	AECI
100	Hong Thang Phong	Viet Nam		

101	Ng Duong Dung	Viet Nam		
102	Luu Duc Ke	Viet Nam		
103	Duong Minh Thu	Viet Nam		
104	Truong Ngoc Hung	Viet Nam		
105	Vu Minh Thu	Viet Nam		
106	Phan Le Trang	Viet Nam		
107	Vu Hy Thieu	Viet Nam		

Day 1: 22 September, 2006 (Friday)



Opening Remarks by Mr Pham Tu, the Vice Chairman of VNAT



SESSION 1: “One Village One Product” Project

Introduction of a successful project related to the promotion of local industry through strong partnerships between the marketing abilities of SMEs in cities and traditional production technology of the agricultural community.



- Mr. Takuji Sakai, Director, Asian Cooperation Division, Trade and Economic Cooperation Department, JETRO (Japan External Trade Organization) , Japan
- Ms. Natiya Suchinda, Assistant Director of Division 2, Office of OTOP, Department of Export Promotion, Ministry of Commerce, Thailand
- Dr. Robert Sun-Quae Lai, Director General, Small and Medium Enterprise Administration, Ministry of Economic Affairs, Chinese Taipei



Mr. Sakai



Ms. Suchinda



Dr. Lai

Mr. Takuji Sakai: “From JETRO’S experience of contributing to OTOP policy of Thailand”

From JETRO’s experience of contributing to OTOP policy of Thailand

Takuji Sakai
Director, Asian Cooperation Division,
Trade and Economic Cooperation Department,
Japan External Trade Organization (JETRO)

1

One Village One Product(OVOP) movement in Oita prefecture, Japan

- ◆ The experience by Oita
 - In 1979, Mr.Hiramatsu, Governor of Oita, took the initiative in starting “OVOP” movement.


He had the simple but powerful idea of encouraging villages or local areas to concentrate on one product that they did very well and then work to market that product abroad. The One Village One Product concept grew out of this.



2

The background of OVOP

- ①The population shift from rural areas to major cities and the loss of vitality in various regions of the prefecture.
- ②It was necessary to create new industries to regional areas.
- ③It was necessary to reduce over-dependence among business on local government.



3

OVOP movement in Oita

- ◆ Slogans of OVOP in Oita
 - ①Being local and global simultaneously(Glocal)
 - The idea was to make products that represented local areas/regions but that could also be competitive in global markets.
 - ②Independence and new ideas.
 - Villagers themselves were encouraged to decide which product(s) should be chosen as OVOP products; local governments were intended only to provide technical assistance.
 - ③Human resource development
 - OVOP would stir innovation and creativity and also encourage people to improve or hone their skills.

4



Successful Case of OVOP :Oyama town in Oita

- ◆ Oyama is called the origin of OVOP. A reform called NPC movement was implemented.
- ◆ The 1st NPC(New Plum and Chestnuts)movement :For more income
 - There was a time when rice farming and stockbreeding was dominant. Oyama farmers shifted to planting plums in old rice fields and chestnuts in former vegetable fields.
 - In a limited area they sought to do “high dimension agriculture”, in which profitably and the turnover rate of land are taken into account.

5

Successful Case of OVOP

:Oyama town in Oita

- ◆ The 2nd NPC(Neo Personality Combination) movement :For the creation of "wealthy people"
- Movement for the creation of "wealthy people." town is not only the increased income but also the way of living that people can live with rich culture. This is not to say the people of Oyama wanted to make all of its citizens rich; it was more the concept that a "rich" city is one that has a strong economy but also is rich in culture. Based on these concepts, educational trips to domestic and overseas destinations and international exchange with countries such as the US (Hawaii), China and Israel were implemented.

2

Successful Case of OVOP

:Oyama town in Oita

- ◆ The 3rd NPC(New Paradise Community)movement :For the creation of comfortable living environment
- They wanted to examine why young people were still moving to big cities, despite the success of the first two NPCs.
- The third NPC tried to narrow the gap in culture and entertainment between cities and rural areas. Specifically, they sought to spread more information to the whole town by such means as a cable television network run by the town authority.

6

Successful Case of OVOP

:Oyama town in Oita

- ◆ "Kono Hana Garten"(A place operated by farmers' cooperative, in which products from local farmers were sold directly to consumers)
- Most villages are good at producing but have difficulty selling. The farmer's garden co-op also has a restaurant, which was set up as an annex to the shop and is today famous and attracts visitors from all over.

9

Successful Case of OVOP

:Oyama town in Oita

- ◆ "Kono Hana Garten": 3 distribution channels for the agricultural products.
- through consumer markets as ordinary commercial products.
- through business-to-business channels: products are sold to food processing factories.
- through this "Kono Hana Garten" shop, in which products made by village elder and women are directly sold to consumers.



10

JETRO's activity on OTOP in Thailand

- ◆ The 1st stage: The assistance for the products development to villagers.
- ① Japanese expert team's visiting to 21 provinces[May 2002]
 - Collecting prospective products. (600 goods)
 - Suggestion for the product development
 - Holding seminars to introduce Japanese market
- ② Development of prototype[Apr-Sep 2002]
 - Development of new product based on the design by Japanese experts[38 goods]



11

JETRO's activity on OTOP in Thailand

- ③ Holding OTOP exhibition in Tokyo[Sep 2002]
 - Showing the prospective product(600 goods) and proto types(38 goods)
 - The monitoring survey was done to the Japanese buyers – They showed strong interests.



Picture from the OTOP exhibition in Japan.

12

Session 1: "One Village One Product" Project

Mr. Takuji Sakai

"From JETRO'S experience of contributing to OTOP policy of Thailand"

JETRO's activity on OTOP in Thailand

- ④ The development of new products by the Japanese expert and the villagers. [Oct 2002~Mar 2003]
 - Villagers produced the new products under the guidance of the Japanese expert dispatched by JETRO.
 - Participating to Bangkok International Gift Fair(BIG2003)



- OTOP products by the design of the Japanese expert(BIG2003)
Combination of Japanese materials and the tradition, materials and technique of Thailand.

JETRO's activity on OTOP in Thailand

- ⑤ The promotion of OTOP in Japan
 - Through various exhibitions, information was dispatched on OTOP to Japanese markets. The result is in the establishment in the markets.
 - Large sales of OTOP were made in the department stores and TV mail order program.
 - Famous fashion magazines dealt with OTOP.
 - OTOP were sold in the High-end boutiques in Roppongi, which is one of the fashion centers in Japan.

→OTOP is now being accepted commercially in Japan. The market is still keeping expanding.

JETRO's activity on OTOP in Thailand

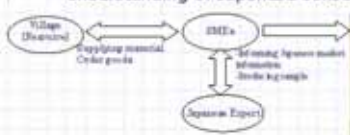
- ◆ The problem in the 1st stage
OTOP were introduced to Japanese market through various media, which made clear the following problem
 - Even if there is a Japanese buyer who wants to deal with OTOP, it is hard to make a deal because they have to negotiate with villages directly.
 - There is no supply system which can respond to the large quantity order.

I (How to solve these problems)

- ◆ The 2nd stage: Support OTOP through SMEs
The problem which was made clear can be solve by using SMEs between the market and villagers.

JETRO's activity on OTOP in Thailand

- ◆ The 2nd stage: Support OTOP through SMEs
Products were developed through cooperation with the Japanese expert, SMEs and villagers. In most case middlemen, who usually work for SMEs, order goods from villagers and supply materials to them. Japanese experts helped SMEs gain know-how on product development and marketing, and understanding of Japanese consumer needs.



From BIG 2004

JETRO's activity on OTOP in Thailand

- OTOP changed through instruction by the Japanese experts, especially in the 2nd stage working with SMEs. Very new OTOP which can never be seen were introduced to the market.

[In case of textile]

Prospective OTOP (Materials) → Prototype (Processing the materials to be products) → High value added OTOP (SMEs make the fashion products)



The challenges hereafter

-From the experience of a Japanese buyer-

- ◆ "500 trays were ordered but the quality of the 1st and the 100th item was completely different."
- ◆ "The delivered products were of different color and size from the order."
- ◆ "Quality and quantity deteriorate during the farmer's busiest season. Also, as natural rubber prices soar, farmers are preferring to tap rubber trees, which is more profitable, to producing OTOP products."

The challenges hereafter

-From the questionnaire in BIG2004-

Q: How can OTOP be improved?

- ① Stable quality : 31%
- ② Supply system : 27%
- ③ Better design : 20%

- On the other hand, only 10% replied that low quality and the price should be improved. We can say that the problems with OTOP, seen from the market's perspective, are **establishment of supply systems, including the more stable quality, and product development based on marketing.**

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The challenges hereafter

-The solutions to the problem with OTOP-

- ◆ The establishment of supply system from villages by local SMEs.
- Management in quality control, order control and production control between the villagers and the market should be done by the SMEs.
- ◆ The product development through the training of young designers
- Material used for OTOP is good, but it has not been fully utilized. So, young designers should be trained in a design center for the development of the OTOP brand.

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Chai Lao project in Lao P.D.R

◆ The establishment of Laos national brand

- In 1998, JETRO dispatched a Japanese expert to Laos to help the country develop its export industries. We held an Indo-China exhibition in Japan that displayed selected products chosen by the expert. Laos's textiles were highly valued in the exhibition.
- Because of the high interest in Laotian textiles, we sent the expert back to Laos a total of five times to work on building up this industry.
- Textiles from Laos, we discovered from a monitoring survey, were virtually unknown in Japan. Therefore, the establishment of a national brand was proposed as a way to promote Lao textiles abroad.
- Based on the suggestion by the expert, the brand name "Chai Lao" (Heart of Laos) was created.

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Chai Lao project in Lao P.D.R

◆ Picture from "Chai Lao" exhibition

- "Chai Lao" exhibition was held in Tokyo and Fukuoka from Aug 2003 to Sep 2003.



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Chai Lao project in Lao P.D.R

◆ The difference from OTOP project in Thailand

- ◆ "Chai Lao" project is focusing only 10 prospective companies.

[Reason]

- In Laos, the exist local products were not so many → We therefore needed to focus on a limited range of products that had potential in the Japanese market.
- In order to maintain the quality and the image of the brand name, only those companies which satisfy certain requirements were allowed to join.
- Many of the prospective companies are concentrated in Vientiane and they have a contract with villagers for purchase of weaving items and thread. As a result, they are strongly connected with the villagers.



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Chai Lao project in Lao P.D.R

◆ The challenges for Chai Lao project

- ◆ Instituting quality standard for Chai Lao.

First, 10 prospective companies used brand name of "Chai Lao." But there is no clear standard by which company should be allowed to use "Chai Lao" brand.

! (How to solve this problem)

- ◆ To maintain quality standard for "Chai Lao", JETRO dispatched Japanese experts on July 2004 and Nov 2004 to implement various activities geared towards the preparing "Chai Lao" products for the Japanese market.

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JETRO's activity on OROI Policy in Malaysia

(OROI policy in Malaysia)

- ① PM, Mr. Mahathir started "One Region, One Industry Policy to develop the local area in Malaysia in 1992.
- ② Policy of Mr. Abdullah, new PM : Building on One Region, One Industry Policy
 - Supporting the agriculture industry, and primary products
 - Supporting SMEs and farmers
 - Developing villages and expanding economy

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JETRO's activity on OROI Policy in Malaysia

Feasibility study by the expert

- ① To identify products that might have potential in the Japanese market.
- ② To visit manufacturers, investigate obstacles to exporting products to Japan, and offer insight on the Japanese market
- ③ To exchange views with persons from related organizations and industrial circles and share awareness on various issues.

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JETRO's activity on OROI Policy in Malaysia

The result of the F/S

- ① Among Malaysian handicrafts, products for the Malaysian domestic market should be clearly distinguished from those for export.
- ② Silver products, textile products, and beads had high potential in the Japanese high-quality product markets.
- ③ There were several obstacles to successful exports to Japan of such products—namely that a concrete marketing plan and product development were needed.

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JETRO's activity on OROI Policy in Malaysia

Participation in Tableware Festival 2006

(February 4-12, 2006)

Result of questionnaire survey to the visitors

- ① Interest to Malaysia:
increased very much(53%)
increased(47%)
- ② Acknowledgement to Malaysian Products:
Increased very much(62%),
increased(38%)



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JETRO's activity on OROI Policy in Malaysia

Participated in Interior Lifestyle Exhibition

(June 14-16, 2006)

Malaysian Products were very popular.

Problems to be solved.

- ① Prices have to be reevaluated.
- ② They should establish sales system.
- ③ They should construct independent marketing system.

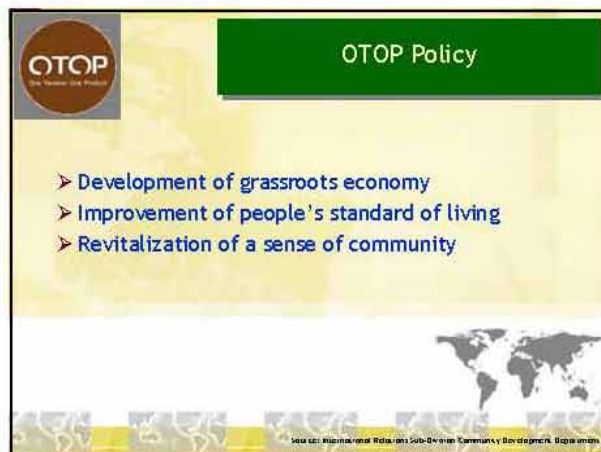


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Ms. Natiya Suchinda: "Thailand's One Village One Product Project"



Session 1: "One Village One Product" Project
 Ms. Natiya Suchinda
 "Thailand's One Village One Product Project"



OTOP Policy

- Development of grassroots economy
- Improvement of people's standard of living
- Revitalization of a sense of community

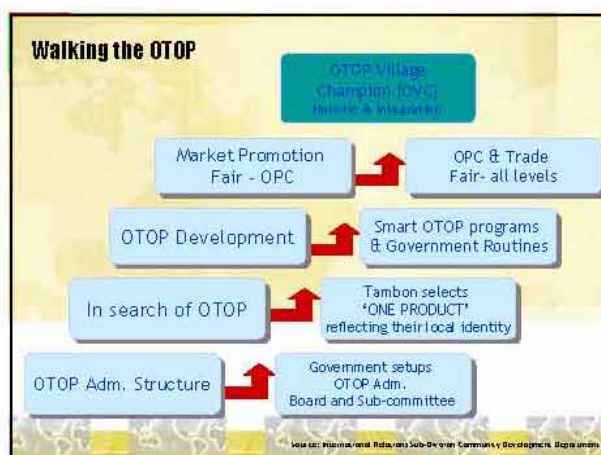
Source: National Rotarian Sub-Committee Development, Department



Three Fundamental Principles

- Local, Yet Global
- Self-Reliance and Creativity
- Human Resource Development

Source: National Rotarian Sub-Committee Development, Department




National OTOP Committee

1. Administrative Sub-Committee
2. Production Promotion Sub-comm.
3. Marketing Promotion Sub-comm.
4. Product Quality Development and Standard Sub-comm.
5. Regional OTOP Sub-committee
 - Provincial Sub-committee
 - District Sub-committee

Source: National Rotarian Sub-Committee Development, Department

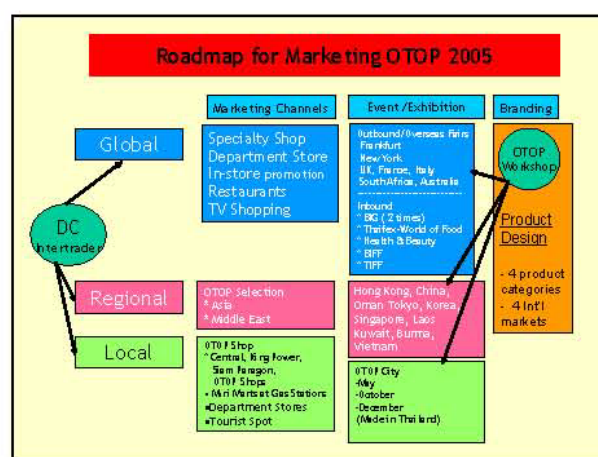
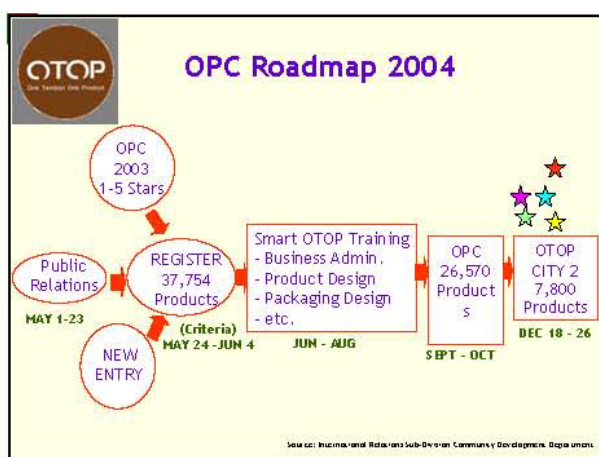
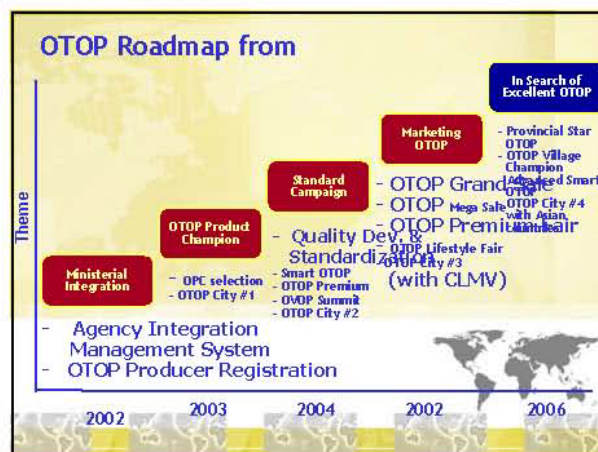


"Agency Integration"

- Office of the Prime Minister
- Ministry of Finance
- Ministry of Interior (Community Development Dept.)
- Ministry of Agriculture and Cooperatives
- Ministry of Industry
- Ministry of Commerce
- Ministry of Public Health
- Ministry of Foreign Affairs
- Tourism Authority of Thailand (TAT)
- Ministry of Education
- Ministry of Science, Technology and Environment
- Board of Investment
- Etc.

Source: National Rotarian Sub-Committee Development, Department

Session 1: "One Village One Product" Project
 Ms. Natiya Suchinda
 "Thailand's One Village One Product Project"



OTOP Sale Figures (Baht)

Period (FY)	Target	Actual Sale
2002	10,000 million	16,714 million
2003	20,000 million	33,276 million
2004	40,000 million	46,362 million
2005	46,000 million	55,447 million
Domestic Sale	= 85.97 %	115,789 million
International Sale	= 14.03 %	18,885 million

Source: International Relations Sub-Deputy Community Development, Department



Session 1: One Village One Product” Project
Ms. Natiya Suchinda
“Thailand’s One Village One Product Project”

Marketing Activities 2006

- 1. International Trade Fairs in Bangkok**
 - 1) TIFF (8-12 March 2006)
 - 2) OTOP to the World (18-23 April 2006)
 - 3) Thaifex : World of Food Asia (17-21 May 2006)
 - 4) BIFF 2006 (27 Sept-1 Oct 2006)
 - 5) Thailand Health & Beauty Show 2006 (8-12 Nov 2006)
- 2. International Trade Fair**
 - 1) Summer Sourcing Show, Hong Kong
 - 2) Tokyo International Gift, Japan
 - 3) Birmingham International Gift Show, UK
 - 4) The 2nd China ASEAN Expo, China



- 3. Thailand Exhibition**
 - 1) Thailand Exhibition, Istanbul, Turkey
 - 2) Thailand Exhibition, Phnom Penh, Cambodia
 - 3) Thailand Exhibition, Vientiane, LAO P.D.R
 - 4) Thailand Exhibition, Bangalore, India
 - 5) Thailand Exhibition, Dubai, U.A.E
- 4. Other Projects**
 - 1) Provincial Star OTOP Project
 - 2) OTOP Export Award Project
 - 3) The development of OTOP packaging for Export
 - 4) TV Shop channel in overseas
 - 5) Seminar to prepare the OTOP producers for participate in the International Trade fair and Thailand Exhibition




OTOP to the World

- Select the best OVOP products
- Exhibit at International trade fairs in Thailand and overseas
- Showcase at Thailand Exhibitions around the world



OTOP to the World

OTOP to the World




OTOP Village

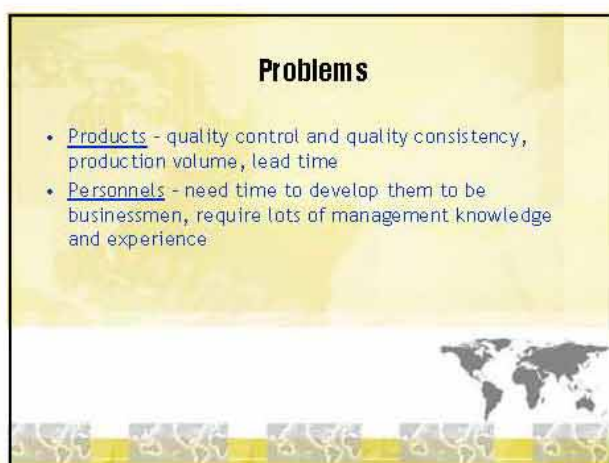
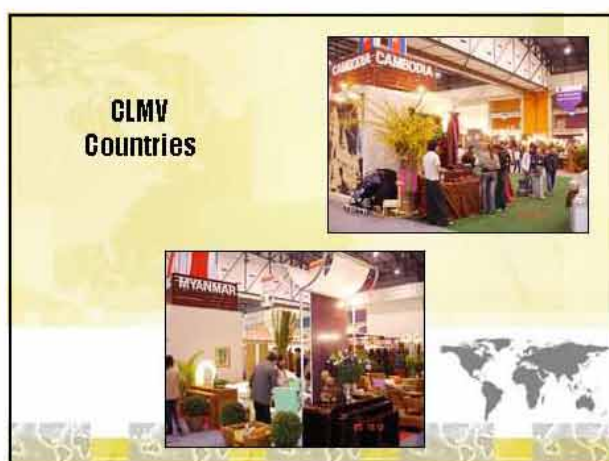
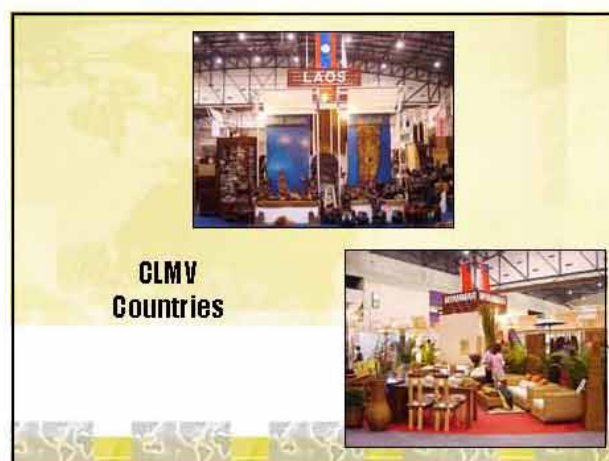
- Promote the OVOP products through tourism
- 120 villages are selected and promoted



Session 1: One Village One Product” Project
Ms. Natiya Suchinda
“Thailand’s One Village One Product Project”



Session 1: "One Village One Product" Project
Ms. Natiya Suchinda
"Thailand's One Village One Product Project"



Session 1: One Village One Product” Project
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“Thailand’s One Village One Product Project”



Service, Minding, Esteem, Awareness

Enhancing Market Development of Local Cultural Industries in APEC

Dr. Robert S. Q. Lai
Director General
Small and Medium Enterprise Administration
Ministry of Economic Affairs
Chinese Taipei
September 22, 2006

ALCIVE

1

Service, Minding, Esteem, Awareness

Content of the Report

- I. Introduction
- II. APEC Local Cultural Industry Virtual Exposition
- III. APEC Local Cultural Industry Market Development Forum
- IV. Conclusion

ALCIVE

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Service, Minding, Esteem, Awareness

I. Introduction

- In 2005, Chinese Taipei proposed a project “Enhancing Market Development of Local Cultural Industries in APEC” at APEC Small and Medium Enterprises Working Group.
- This project has obtained funding from APEC by around 100 thousand US dollars.
- This project aims to promote the market development of local cultural industries in APEC.

ALCIVE

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Service, Minding, Esteem, Awareness

I. Introduction

- The products in local cultural industries are an expression of local culture and art, which are attractive to foreign buyers and therefore have high potential to export.
- Nevertheless, most producers in local cultural industries are micro-enterprises and have difficulties to sell their products overseas.
- This project is thus aimed to help them to expand markets to the international arena.

ALCIVE

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Service, Minding, Esteem, Awareness

1. Objectives

- 1. To strengthen the ability of local cultural industries to develop new markets and undertake exportation.
- 2. To create a platform for displaying the products of APEC Member Economies' local cultural industries, thereby helping these industries to develop new business opportunities in overseas markets.
- 3. To strengthen collaboration between APEC Member Economies in promoting the development of overseas markets by local cultural industries, and to identify the optimal market development models for these industries to use.

ALCIVE

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Service, Minding, Esteem, Awareness

2. Activities of the Project

- Two activities in this project:

- APEC Local Cultural Industry Virtual Expo ALCIVE
- APEC Local Cultural Industry Market Development Forum

ALCIVE

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Service. Minding. Esteem. Awareness

II. APEC Local Cultural Industry Virtual Exposition

ALCIVE

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II. ALCIVE

The Characteristics of ALCIVE

- It is the first time that APEC hold virtual exposition.
- Understanding that MSMEs do not have channels to present their fine art to overseas customers and lack capability to conduct e-commerce, we undertake most of jobs for them to build their exhibition halls in the website.
- We designed a number of "standard formats," and the participants only need to choose one standard format and submit required materials; we built the exhibition halls for them.

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II. ALCIVE

- **Participant APEC Economies**
Brunei, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Chinese Taipei, Thailand, the United States, Vietnam and Pacific Island Forum.
- **Method of Display**
 - ☞ Online exposition.
 - ☞ Participating APEC Member Economies will each have their own online "Exhibition Hall".
 - ☞ Use photographs, pictures, text, animation, video footage etc. to showcase their economy's local cultural products within their "Exhibition Hall".

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II. ALCIVE

- **Duration of the Expo**
August 29, 2006-August 28, 2007
- **Types of Products to be Showcased**
Painting, ceramics, sculptures, textiles and other handicrafts that are reflective of the local culture that produced them.
- **URL of the Expo**
<http://www.alcive.tw>
- **Potential Visitors to the Exposition**
Consumers throughout the world

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Service. Minding. Esteem. Awareness

II. ALCIVE

- **Concept of Design**
 - Apply many concepts in the real exposition to ALCIVE.
 - Design a park and built the exhibition halls in the park as if they are really built by each economy.
 - Design the home page of exhibition halls as if they are real display room with each economy's local cultural specialty.
 - Produce e-postcards, souvenirs, and firework show which may appear in a real exposition.
- **Transaction Opportunities**
 - Each product showcased in the Exposition should display contact details, so that consumers can purchase the product.

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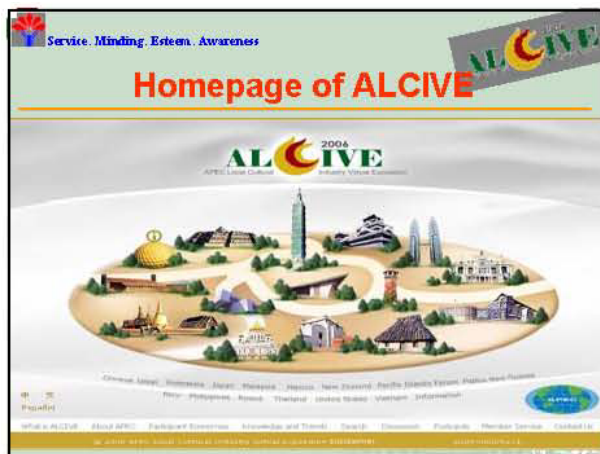
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Advertising and Promotion

- Place advertisements on leading portal sites, such as Yahoo and Google, prior to and during the exposition.
- Organize promotional activities to ensure that as many people as possible visit the exposition.
- Sent invitation to trade and export-import companies all over the world, which would be the major buyers of the showcased products.

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Session 1: "One Village One Product" Project
 Dr. Robert S. Q. Lai
 "Enhancing Market Development of Local Cultural Industries in APEC"



Service. Minding. Esteem. Awareness

III. APEC Local Cultural Industry Market Development Forum

- Main topics of this Forum include
 - Economic Implications of the Local Cultural Industry
 - Policy Environment for Market Development of the Local Cultural Industry
 - Marketing Strategies of the Local Cultural Industry
 - Micro-Enterprises and Market Access
 - Best Practices for Market Development

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III. APEC Local Cultural Industry Market Development Forum

- The Forum was formally opened by Minister Steve Ruey-Long Chen, Ministry of Economic Affairs of Chinese Taipei on August 29, 2006.
- 15 speakers made their presentations.
- About 150 participants attended the Forum, comprising of representatives from several APEC economies such as Chile, Indonesia, Japan, Malaysia, Mexico, Peru, PNG, Thailand, USA and the local experts, academics and businessmen.

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Service. Minding. Esteem. Awareness

III. APEC Local Cultural Industry Market Development Forum

- The participants shared the current status of the local cultural industry development in the APEC region, drawing some experiences from the European countries like UK and France as well.
- Government policies and approaches to local cultural industries in various APEC economies was presented.
- Sharing of some of the best practices and success stories from the region.

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APEC LOCAL CULTURAL INDUSTRY MARKET DEVELOPMENT FORUM

APEC | 地方特色產業 | 市場發展論壇

Howard W. Hsu, Minister of Economic Affairs of Chinese Taipei

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DEVELOPMENT FORUM APEC | 地方特色產業

Organizer

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III. APEC Local Cultural Industry Market Development Forum

- A field trip to the Nantou was arranged for the representatives from the APEC economies.
- The excursion provided a closer look and better understanding of the local cultural industries in Chinese Taipei.
- The delegates visited the Tensing Ceramic Art Village and the Bamboo Culture Park in the Central part of Chinese Taipei.
- At the same time, they stayed overnight in Nantou, spending the night overlooking the famous Sun Moon Lake.

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Service, Minding, Esteem, Awareness



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Service, Minding, Esteem, Awareness

Lessons Learnt

- The most important thing for achieving sustainable local development is to promote community-oriented economic and industrial policies by utilizing local resources (including nature, culture, and history).
- Every project needs to be implemented in the context of social relationships, and to be integrated with everyday life in the community.

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Service, Minding, Esteem, Awareness

Lessons Learnt

- The key to successful sustainable local development is the voluntary and independent involvement of communities/SMEs with effective support from the governments.
- It is important for government agencies to find out whether producers have enough knowledge about their market, potential customer, customer behavior, product trend, whether products have the function of usage that can be practically fitted into today's way of life.

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Service, Minding, Esteem, Awareness

Possible Solutions

- Utilize the "push" approach—distributing the products through various selling channels such as trade fairs, department stores, outlets, mailing catalogs and e-Commerce.
- Implement the "pull" approach—promote the production base as a tourism attraction, which can draw customers to visit the place and learn profoundly about the products and their production process.

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Service, Minding, Esteem, Awareness

Possible Solutions

- Entrepreneurs should create their unique products, with own designs and distinctiveness.
- Agglomeration is a collective effect that can create what the economists would identify as increasing returns effects. This return does not belong to any one worker or any one firm but rather, it belongs to the industrial communities as a whole.
- For sustainability--instill interest in younger generations to prevent the fear in the slump of the traditional cultural industries and the concern of the lack of successor for traditional techniques. Local governments should take actions to provide incentives or to attract younger people, and give more motivations.

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Service. Mind. Esteem. Awareness

IV. Conclusion

- Through this exposition, the cultural products that was used to be produced and sold only in the local markets can be displayed to the world and reached the overseas markets.
- There will be the second ALCIVE next year.
 - ☞ Target local tourism industry, including interesting local tourist points with related local businesses such as hotels, restaurants, special local foods and arts, etc.
 - ☞ The objects should have local-characteristics, and the tourist points which have already been internationally famous are not the priority of the second ALCIVE.

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Thank You for Your Attention



For further information
www.moeasmea.gov.tw

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Session 1: Q & A

Question:

OTOP in Thailand was very important, implemented by the initiative of the Thai Government. In Indonesia, the Chamber of Commerce as well as the government has been involved in the training of the Indonesian people since 2003, and we wonder if we can cooperate with JETRO for its further promotion. As there are many trained personnel in Thailand from OTOP, we hope to learn from them the know-how.

Mr. Sakai replied that JETRO is currently holding discussions with Jakarta, and is conducting a feasibility study of how to support OVOP program in Indonesia, e.g. Furniture in Yogyakarta. The target is for the next 3-4 years.

Ms. Natiya, also added her comment that their collaboration with Japan through OTOP has been important. For example, they learnt from Japan “how to make a story for a product”, which is not the factual background of the city or the product, as we first thought, but rather an interesting story that will sell the product.

Dr. Hara commented that while globalization continues, the spillover effect of one country to another is small. For example Lao PDR tried to introduce to its country the success of Thailand’s OTOP, but with the differing conditions, it is difficult to incorporate a neighbor country’s success without adjustments. Therefore discussions are vital for any mutual development.

He also pointed out that when looking for collaboration with Japan, people should consider other prefectures besides Oita, where OVOP was born by the initiative of governor Mr. Hiramatsu. The OVOP movement is still being promoted although Mr. Hiramatsu has already retired from the forefront, though presently not so much in Oita, but more so in other prefectures such as Okinawa, the southern most prefecture in Japan.

SESSION 2: “Cooperation between Tourism and Local Industry”

Introduction of a successful project related to the promotion of the tourist industry as well as regional industry implemented by JBIC utilizing local products and tourism resources in villages for improving export.



- Dr. Pham Trung Luong, Associate Professor, Deputy Director of Institute of Tourism Development Research, VNAT, Viet Nam
- Ms. Kazuko Kano, Advisor to JBIC, Japan
- Mr. Chinnaphat Sangkhawuttichaikul, Senior Industrial Technical Office, Bureau of Cottage and Handicraft Industries Development, Department of Industrial Promotion, Ministry of Industry, Thailand



Dr. Luong



Ms Kano



Mr. Sangkhawuttichaikul

Dr. Pham Trung Luong: “Craft village-based tourism: current situation and development orientation in Vietnam”

APEC/SME SEMINAR
“Support for Local and Cottage Industries”
 21 September 2006, Ha Noi, Vietnam


**Craft village-based tourism : current situation
and development orientation in vietnam**

Assoc. Prof. Dr. Pham Trung Luong
Vietnam National Administration of Tourism

Contents :

- Overview of craft villages in Vietnam
- The role of craft village-based tourism
- The current situation of craft village-based tourism in Vietnam
- Some solution for craft village-based tourism development in Vietnam

Overview of craft villages in Vietnam



Overview of craft villages in Vietnam

- In Vietnam craft villages have been developed based on culture and civilization which formulated during thousand years of country's history
- In Vietnam craft villages are not only places where happens production process of cultural products but also the focal point of other culture-economic-social factors including traditional technology and knowledge, inherited through generations
- In Vietnam craft village environment is characterized with country side landscape; with thatch roof behind bamboo range, temples, pagodas, communal houses with traditional festival activities and traditional customs



Therefore craft villages have become indispensable part of Vietnam culture and also contributed essentially to production technology of Vietnam

Overview of craft villages in Vietnam



There are about 1,490 craft villages, from which 300 traditional ones with hundreds years of development. High density of craft villages is recorded in the Northern delta (Red river delta) with accounting for 2/3 of the country

Craft villages are divided in to following groups :

- Group of art : pottery, copper casting, wood carving, stone carving, lacquer, traditional painting, embroidery, etc.
- Group of toll production : silk, paper, brass, furniture, etc.
- Group of food or medical production : fish sauce, traditional medicine, traditional cakes, etc.

Overview of craft villages in Vietnam

Group of art : pottery, copper casting, wood carving, stone carving, lacquer, traditional painting, embroidery, etc.



- Dong Ho painting (Bac Ninh)
- Tuong Binh Hiep lacqueware (Binh Duong)
- Bat Trang pottery (Ha Noi)
- Non Nuoc stone carving (Da Nang)
- Hue embroidery (Thua Thien - Hue)
- etc.



Session 2: Cooperation between Tourism and Local Industry

Dr. Pham Trung Luong

“Craft village-based tourism: current situation and development orientation in Vietnam”

Overview of craft villages in Vietnam

Group of toll production : silk, paper, brass, fumiture, etc.




- Dai Bai brass (Bac Ninh)
- Van Phuc silf (Ha Tay)
- Dong Ky furniture (Bac Ninh)
- etc.

Overview of craft villages in Vietnam

Group of food or medical production : fish sauce, traditional medicine, traditional cakes, etc.




- Vong young rice (Ha Noi)
- Phu Quoc fish sauce (Kien Giang)
- Green peas cake (Hai Duong)
- Lang Van rice alcohol (Bac Giang)
- etc.

Overview of craft villages in Vietnam

Craft village products play an important role in social- economic development of provinces as well as of the country



- In 1991 , export of craft products reached 6.8 million USD which rised to 300 million USD in 2000 and about 700 million in 2005
- Development of craft villages creates many jobs for countryside where live 70% of Vietnam population with high poverty proportion. It is calculated that 1 million USD craft product should use about 3.000 to 4.000 labors

Overview of craft villages in Vietnam

At present development of craft villages are in different levels depended on market demands



The common character of craft villages is that they are usually located near to big urban area and road or river network which favors transportation. This perfectly facilitates tourism linking with craft villages

The role of craft village based tourism in Vietnam



The role of craft village based tourism in Vietnam

Craft village based tourism development is based on value of traditional culture and production technology , incorporated in simple life of local community.

Craft village based tourism is :

- Attracting more tourists, contributing to tourism development;
- Contributing to conservation of traditional cultural value;
- Contributing to development of SM craft production enterprises, creating more jobs for local community through their participation in tourism services;
- Contributing to rehabilitation of traditional craft villages and to increase export of craft products




Session 2: Cooperation between Tourism and Local Industry

Dr. Pham Trung Luong

“Craft village-based tourism: current situation and development orientation in Vietnam”

The current situation of craft village based tourism development in Vietnam



The current situation of craft village based tourism development



Although development of craft village based tourism model has been set high on the agenda of tourism development strategy in Viet Nam, it is a rather new approach to pertaining tourism development to conservation of traditional craft village value and local communities that Viet Nam has been inexperienced

In the last years, with the support of international organizations, some initial achievements in craft village tourism have been obtained

The current situation of craft village based tourism development



Project “Feasibility study on Development of Tourism related Handicraft industries along of the West - East Corridor”

- At the 10th meeting of WEC working group from 31/5-1/6/2004, VNAT proposed Project “Feasibility study on Development of Tourism related Handicraft industries along of the West - East Corridor”. The objective of project aimed at successfully blending the tourism industry and the handicraft industry.

- ASIA SEED Institute carried out 2 study missions in Vietnam. The first mission from 1-7/4/2005 and the second from 26-29/4/2005

- After finishing two study missions, ASIA SEED coordinated with VNAT to hold the workshop “Promotion of Craft village based tourism” in Ha Noi to provide information and result of two study missions and propose recommendations of selected two villages (Phu Vinh bamboo village and Ninh Hai embroidery village).

- The final report of the project is valuable reference document for other countries in the region to establish or improve their strategies, policies, programs in term of craft village - based tourism.

The current situation of craft village based tourism development



Project on “Poverty Reduction Through Community-based Tourism in Vietnam”

In 2002, the Viet Nam National Administration of Tourism (VNAT) initiated the idea of developing a project on community-based tourism in Viet Nam together with the Export-led Poverty Reduction Program (EPRP) of the International Trade Centre UNCTAD/WTO (ITC). It was agreed that underlying methodology should follow the CBT approach successfully tested by EPRP in other countries.

Being close to Hoi An, a popular tourism destination, Kim Bong Village with its traditional carpentry workshops and a scenic riverside landscape has been selected for the study.

The current situation of craft village based tourism development



Project implementation followed roughly four phases:

In the *first phase*, an opportunity study was carried out including three different sites in Vietnam as suggested by VNAT. Kim Bong has been selected

The *second phase* focused on the fundamentals of project planning: a socio-economic diagnosis, a survey of the structure and demands of tourists coming to Kim Bong /Hoi An and an analysis of the carpentry product portfolio and producers were conducted.

The *third phase* was targeting at the development and promotion of an interesting village trail for visitors and of the carpentry craft tradition as the two main pillars of the tourism product in Kim Bong. Main milestones were the formation of a tourism service cooperative, the development of the tourism offer, skills training for the cooperative members and marketing with local tour operators and hotels.

The *final phase* of the project now focuses on building capacity for the promotion of sustainable tourism and laying the foundations for spreading the Kim Bong experience as a model to other sites around Hoi An and Viet Nam

The current situation of craft village based tourism development



Project results:

As the result of the Project, the tourism product has been upgraded by new attractions such as a village walk and bicycle trail. The visitor centre now serves as a focal point for incoming tours. Supported by ITC's on-the-job training, more than 30 villagers have joined the local tourism cooperative and are actively participating in the project.

Market linkages have been established with five tour operators and two hotels in Hoi An. In addition, Kim Bong Village has been included into festivals and promotional campaigns by local and provincial tourism authorities, a model to other sites around Hoi An and Viet Nam

Session 2: Cooperation between Tourism and Local Industry

Dr. Pham Trung Luong

“Craft village-based tourism: current situation and development orientation in Vietnam”

The current situation of craft village based tourism development



Lessons learning:

A first lesson is that **local communities and their leaders must be the centre pieces for any successful and sustainable project**. Local leaders need to be committed to the project and support the actions by setting a facilitating policy framework and investing in infrastructure. As for the local community, a strong and enthusiastic team should be built.

A second lesson relates to the nature of quality tourism offers: **key emphasis must be put on the development of local capacities and skills** in hospitality, languages, interpretation and business management.

A third lesson is that **public-private partnership is not an option, but absolutely necessary**. A higher involvement of local communities can add to the attractiveness of the place and lower sourcing costs for the tourism industry. While government is in the position to set the right policy incentives for tourism development, the private sector is key to market the tourism product.

SOME main solutions for craft village-based tourism development in Vietnam



Main solutions for craft village based tourism development



Main solutions :

- Based on the Strategy and Master Plan of Tourism Development for Vietnam, a **strategy for traditional craft village-based tourism development should be developed** that will guide localities and enterprises in developing tourism products, at the same time it would prevent duplicate of products and make the most of uniqueness of each region. Related stakeholders must be take part in this matter.
- **Introduce policies** that support infrastructure development and tourism facilities in priority areas of craft village-based tourism, at the same time support local communities in participating in tourism business like credit, training in different topics.
- **Cooperate with international organizations, NGOs** like UNWTO, SNV, JICA, ABD etc. to develop some models suitable to Vietnamese situation. Attention should be paid to cooperate with ST-EP program, that is being carried out by VNAT funded by UNWTO is key to market the tourism product.

Thank you for your attention



Road Stations for Rural Development: OVOP, Tourism and Local Industry

APEC/SME Seminar on Support for Local and Cottage Industries
APEC "One Village One Product" Seminar:
Hanoi, Vietnam: 06/9/22-23
Kazuko Kano (JBIC)

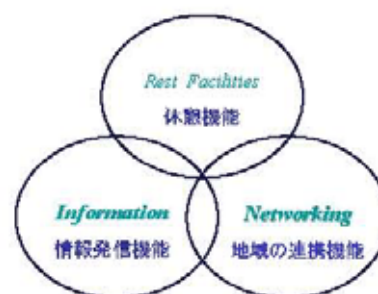
Contents

1. What is Road Station?
2. One Village One Product (OVOP) & Road Station
3. Characteristics of Road Station
 - 1) Tourism
 - 2) Local Industry
 - 3) Rural Women's Empowerment
4. JBIC's Efforts in Thailand, India and China

1. What is Road Station?

- 1) Basic Functions: (1) Rest Facilities ,
(2) Information Dissemination and
(3) Networking
- 2) Additional Functions: Tourism Promotion,
Promoting Cottage Industries, Rural Women's
Empowerment, Disaster Support, etc.
- 3) Growth, Distribution, Facilities and Histograms

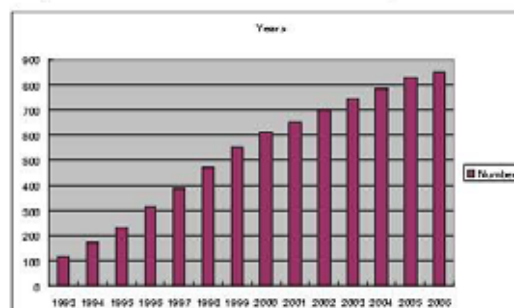
1) Three functions: Rest, Information and Networking



2) Additional Functions: Tourism Promotion, Cottage Industry, Rural Women's Empowerment, Disaster Supports, Etc.



3) Growth: 845 stations as of August, 2006

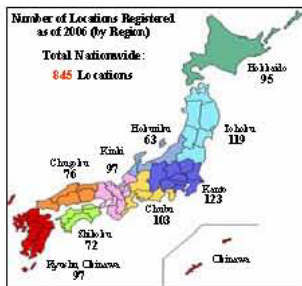


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“Road Stations for Rural Development:OVOP, Tourism and Local Industry”

Regional Distribution: (9 Regions)



Facilities :General Layout



Rest facilities: Parking
lots, toilets and other
facilities, and signs
(provided by the Road
Administrator)



Cultural and educational
facilities, tourism, recreational
and other facilities to promote
the local area, (provided by
municipality or other public
groups)

Logo and Pictographs



(1) Rest Functions: <1>-1: Parking space: road station 'Hyuga', Miyazaki Pref. : opened 03/2



<1>-1: 'Tairadate', Aomori Pref.



(1)-2: Clean rest rooms:



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**2)-1: Information service for tourism: 'Doshi',
Yamanashi Pref.**



**2)-2: Information Dissemination;
Facilities for Community Development:
<1>Local farmers' market: Sennan, Akita Pref.**



**<2>-1: Farmers' restaurant: noodles
(Tamagawa, Fukushima Pref.)**



**<2>-2: 'Sagae' (Cherryland), Yamagata Pref.,
1.5 million visitors/year: 2 types of restaurants:**



(2) 'Iwaizumi', Iwate Pref. (← cottage industries)



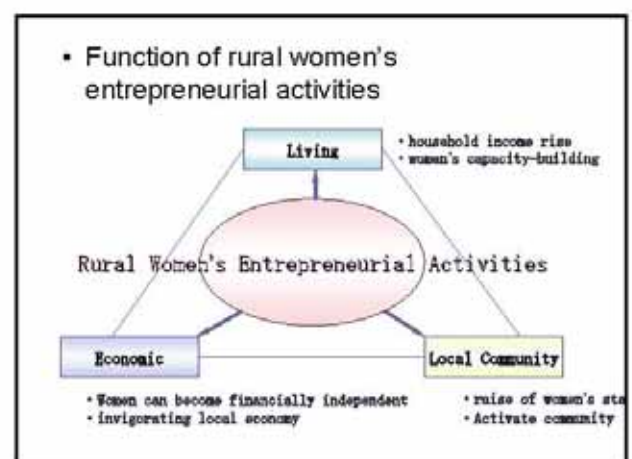
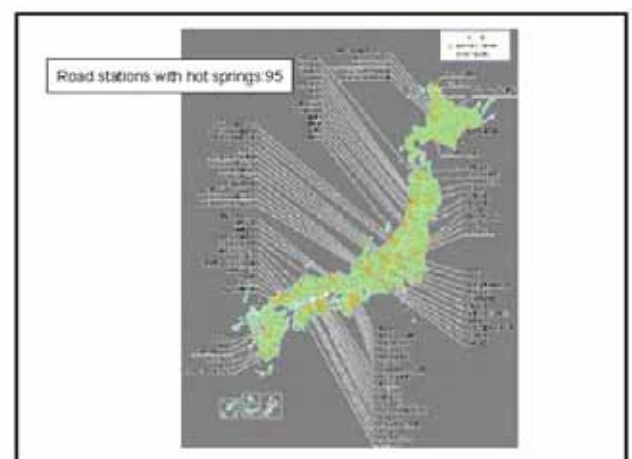
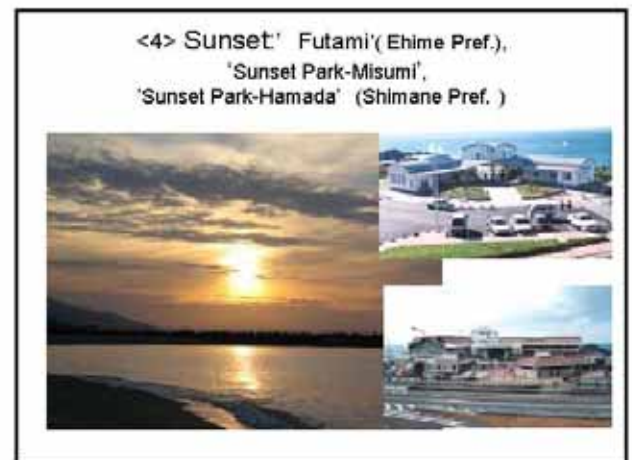
**(3) Networking: Komachi Festival, 'Ogachi', Akita
Pref. experience (weaving), 'Towada', Aomori Pref.**



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Mr. Chinnaphat Sangkhawuttichaikul: "Cooperation between Tourism and Local Industry"



APEC/SME Seminar on Support for
Local and Cottage Industries

APEC "One Village One Product"
Seminar


Joint Implementation of AMEICC
Workshop on Developing Craft
Village-Based Tourism
22-23 Sept.2006, Hanoi, Viet Nam



Cooperation between Tourism and Local Industry

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This presentation is divided into 6
parts :-

- 1.Some concepts and ideas about Tourism and Industry
- 2.Significance of tourism and cottage and craft industries in Asia-Pacific.
- 3.How to make cottage or craft industries attractive?
- 4.Case study – Rural Industrial Villages for Tourism Development Project in Thailand
- 5.Conclusion and recommendations
- 6.Q & A



Part 1: Some concepts and Ideas about Tourism and Industry

1.1 Tourism:-

- Trend of world tourism
- Sustainable tourism
- Eco-tourism
- Eco-museum
- Education and information for tourists
- Environment conservation of tourist destinations



1.2 Industry- cottage or craft industries: provision of advantages

- Sustainable and self-sufficient economy or business
- Potential to grow up to SMEs vs. limitation
- Working in homeland , chance to stay with family and children-
- Creation of warm family
- Adequate income
- Proud to be self-employed
- Gain social status as famous craftsmen,
capable craftswomen, famous traditional sweets makers,
flower growers, etc.
- Living in natural environ
- Healthy body and mind



1.3 Linkage between tourism and cottage industry, craft villages

In which ways?

- Changing trends of tourist attractions
- More focus on rural life and atmosphere
- How to make cottage, craft industries, craft villages more attractive?
- What kind of management to introduce tourism to cottage industry or craft villages

Part 2 : Significance of tourism, cottage and craft industries in Asia-Pacific

2.1 Tourism :-

- Increasing number of tourists visiting Asia-Pacific with high rate of growth between 2003-2004

Asia-Pacific	27.9
North-East Asia	29.6
South-East Asia	30.6
Oceania	12.5
South Asia	16.7

Source: WTO

Popular tourist destinations

	2003	2004	%change
China	32,970,000	41,761,000	29.6
Hong Kong	15,537,000	21,811,000	40.4
Japan	5,212,000	6,138,000	17.8
Korea, Republic	4,753,000	5,818,000	22.4
Macao	6,309,000	8,324,000	31.9
Taiwan	2,248,000	2,950,000	31.2

Popular tourist destinations

	2003	2004	%change
Indonesia	4,467,000	5,321,000	19.1
Malaysia	10,577,000	15,703,000	48.5
Philippines	1,907,000	2,291,000	20.2
Singapore	5,705,000		
Thailand	10,004,000	11,651,000	16.5
Australia	4,354,000		
New Zealand	2,104,000	2,348,000	11.6

2.2 Advantage of Tourism

- Substantial receipts from tourism industry
- Creation of work places
- Very large markets for souvenirs, gifts, crafts, utility products from cottage, crafts industries as well as SMEs.
- Distribution of income

Questions? : Any better ways for the distribution of income arising from tourism?

2.3 Cottage and craft industries provide

- Work place in the villages
- Sources of independent income
- Conserve local heritage
- Promote social life in the villages
- Less stress vs. workers in factories
- Obtain own achievement
- Etc.

Part 3 : How to make cottage industry or craft villages attractive?

Many points to be considered and aware:-



3.1 Products and services

- Unique products with good quality or high quality
- Attractive products for tourists, e.g., exotic pieces of hand-loom fabric, tie-dye cloth with natural dye, utility crafts, etc.
- Traditional foods—clean, safe and tasty
- Organic fruits and vegetable grown in the villages


1



3.2 Village atmosphere

- Fresh air
- Exotic scenery and landscape
- Unique architecture
- Traditional dresses
- Clean environment

2



3.3 Interesting culture and life style

How can the villagers and concerning organizations introduce this social heritage to tourists as natural as it should be?

Can eco-museum be a good strategy ?

3



Part 4: Case study- A Joint Project of DIP, TAT and JBIC

The Tourism Promotion for Rural Industrial Village Development or Tourism Promotion in Occupation Development and Income Distribution to Rural Industrial Villages Project

“Rural Industrial Villages for Tourism”


4



1. Background : The Department of Industrial Promotion (DIP) Ministry of Industry, Thailand, has initiated the Industrial Village Project :-

Phase I: 1994-1996 when 117 villages in all regions were promoted,

5



Phase II : 1997-1999 when 153 villages were engaged


Phase III between 2000-2002 of which 67 villages were promoted.

6



The Tourism Promotion for Rural Industrial Village Development or Tourism Promotion in Occupation Development and Income Distribution to Rural Industrial Villages Project :

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In **1998**, TAT and the consultants of OECF (JBIC) in consultation with DIP have seen the potential to develop and promote some industrial villages and other qualified villages as tourist attraction in the form of local arts and crafts, rural industries as well as cultural related activities.


20



2. Purposes of the Project :-

- 2.1 Promoting the participation of local people
- 2.2 Encourage rural strength by mean of economic activities
- 2.3 Stimulating and encouraging development vision of the villagers in targeted villages to participate in the establishment of Rural Industrial Villages for Tourism

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2.4 Promoting the creation of community industries by the Department of Industrial Promotion in cooperation with involving public and private agencies, e.g., TAT, Regional Industrial Promotion Centers, Provincial Industrial Offices, Provincial Administration, Municipalities, Tambon Administration, other government and educational institutions, etc.

22



3.Strategies

- 3.1 DIP as focal point of cooperation among public and private organizations ,private business and community enterprises.
- 3.2 Encouraging the participation of village members in managing village industries and the community centers by themselves.

23



Strategies

- 3.3 Encouraging investment of village members in cottage and handicraft industries
- 3.4 Promoting eco-museum as a network of cooperation among various businesses and interest groups in the village
- 3.5 Applying garden design and landscaping development in order to make the village more attractive with serene environment.

24

4.Places of operation :
 20 villages in 19 provinces in Thailand
Northern

Region

- 1) Ban Satan, Amphor Chiang Saen, Chiang Rai
- 2) BanThong Fai, Amphor Mae Chaem, Chiang Mai
- 3) Ban San Pa Muang, Amphor Muang, Payao
- 4) Ban Pa Pu, Amphor Muang, Mae



Brief details of some villages

Ban Na Ton Chan Rural Industrial Village for Tourism

Location : Tambon Ban Tuek, Amphor Sri Satchanalai, Sukhothai Province

18 K.M. from Si Satchanalai Urban Center
 6 hours drive from Bangkok
 1 hour by air from Bangkok and 1 hour drive from Sukhothai Airport

En route to the World Heritage-Sukhothai and Si Satchanalai Historical Parks

Products and attractions

- Hand-loom fabric with typical Chok and Khit technique
- Wooden crafts, wicker works,
- Traditional noodle “ Phra Luang Noodle”
- Fruit orchards: Durian, Longkong
- Traditional ceremony with elephants playing the main role



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**Ban Thung Luang Rural
Industrial Village for Tourism**

Location: Amphor Khirimas, Sukhothai
17 km. south of Sukhothai City
6 hours drive from Bangkok
1 hour by air from Bangkok to
Sukhothai or Phitsanulok airports, and
about 1.5 hours drive to the village.

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Ban Pa Pu Rural Industrial Village for Tourism, Mae Hong Son

Location :Amphor Muang , Mae Hong Son

8 hours drive along mountain road from Chiang Mai

Half hour flight from Chiang Mai

Boarder with Myanmar

30

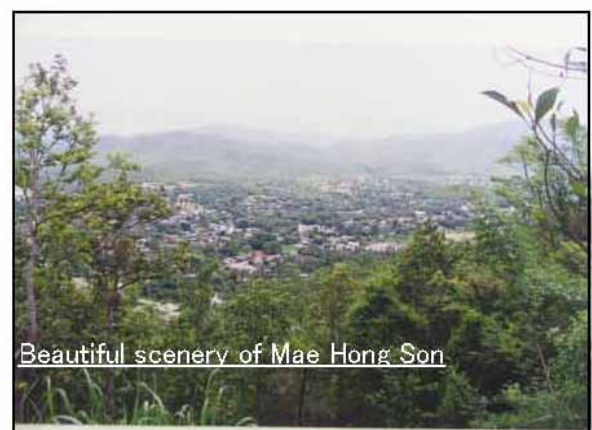
Products and attractions

- Karen Hand-loom fabric with natural dye
- Thai Yai fabric and dress
- Organic sesame oil and sugar
- Short distance to various hill-tribes
- Elephant and mountain tour
- Village tour
- Natural hot spring

31

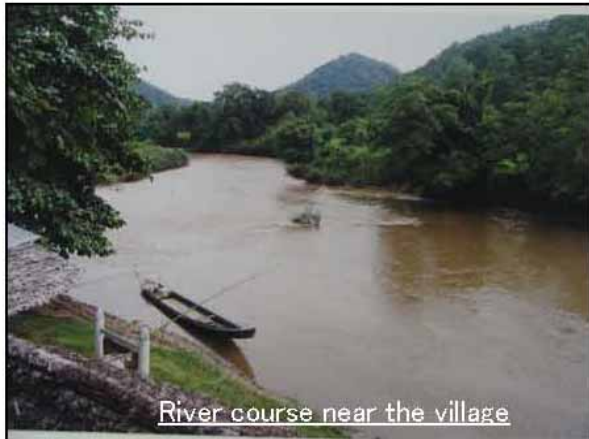


Typical Thai Yai Temple at Ban Pa Pu



Beautiful scenery of Mae Hong Son

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North-Eastern Region

- 8) Ban Chiang, Amphor Nong Han, Udon Thani
- 9) Ban Na Yang Klug, Amphor Thepsatit, Chaiyaphum
- 10) Ban Pho Kong, Amphor Prasart, Surin
- 11) Ban Nong Phue Noi, Amphor Jiam, Ubon Ratchathani

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Ban Pho Kong Rural Industrial Village for Tourism, Surin

Location : Tambon Chue Phlerng, Amphor Prasat, Surin Province

- 6 Hours drive from Bangkok
- Close proximity to Angkor Wat

58

Products and attractions

- Good quality silk with natural dye
- Variety motifs of traditional silk of Southern Esarn
- Typical foods
- En route to a large numbers of Khmere stone castles, e.g., Phnom Rung, Muang Tam, Ban Phai, etc.

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Central Region

- 12) Ban Yang Thong, Bang Chao Cha, Amphor Pho Thong, Ang Thong
- 13) Ban Kham, Amphor U- thong, Suphanburi
- 14) Ban Nong Khao, Amphor Tha Muang, Kanchanaburi
- 15) Ban Huey Kriab, Amphor Bang Saphan, Prachuab Kirikhan

1

Ban Yang Thong Rural Industrial Village for Tourism, Ang Thong

Location : Tambon Bang chao Cha, Amphor Pho Thong, Ang Thong

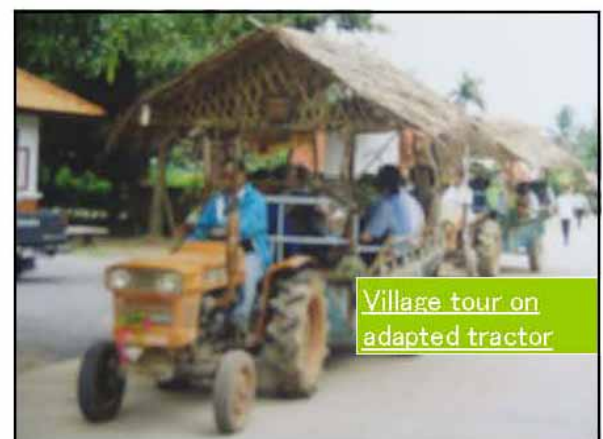
- 2 hours drive from Bangkok
- 15 km. from the city of Ang Thong
- Close proximity to Ayutthaya, the World Heritage site

2

Products and attractions

- Fine bamboo baskets, high quality lady hand-bags from bamboo
- Bamboo wares museum
- Famous fruits
- Well-known community management
- Home stay
- Village tour

3



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Southern Region

- 16) Ban Kiriwong, Amphor Lan Saka, Nakorn Si Thammarat
- 17) Ban Na Teen, Amphor Muang, Krabi
- 18) Ban Hua Lane, Phum Liang, Amphor Chaiya, Surat Thani
- 19) Ban Na Tham, Amphor Sadao, Songkhla
- 20) Ban Kalai, Amphor Takua Thung, Phang Nga

8

Ban Khiriwong Rural Industrial Village for Tourism, Nakhon Si Thammarat

Location: Tambon Kamlone, Amphor Lan Saka, Nakorn Si Thammarat

8 hours drive by car or train from Bangkok

1 hour flight from Bangkok, and half an hour drive from the Airport

9

Products and attractions

- Tie-Dye garments and accessories from natural dye
- Organic fruits from natural grown orchards
- Herbal medicines and toiletry
- Famous home stay
- Village and Mountain tours
- En route to natural and historical attractions

10



The Community Center of Ban Khiriwong



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The Development Plan and Implementation

How does this project plan and develop?

20

5. Development Plan

□ The Development plan for the Rural Industrial Village for Tourism was prepared for the budget year 1999 – 2003 with extension to 2005.

21

Implementation

□ The implementation of the project was applied between January 1999– December 2003 with the extension of some activities regarding landscaping development up to September 2005.

22

6. Aims of the project

6.1 Develop 20 targeted villages as Industrial Villages for Tourism

23

Aims

6.2 Construction of a community centre comprising a sale and village products demonstration building, a restaurant building, a toilet building and parking for each target village, 20 community centers in total.

24

6.3 Set up a Community Centre and Rural Industrial Village Management committee for each village by election among the member of the village

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Training

6.4 Organize training in various aspects of business management both production and marketing and related fields in order that the Village Management Committee and village members have adequate knowledge and experience to run their community enterprises of industrial business effectively.

30

6.5 Encourage the Village Management Committee to set up village information, village tour, home stay, village product distribution system, etc., as village services for tourists.

31

6.6 Publicize the existing of the industrial villages for tourism through mass media, tour companies and other public relation channels.

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7. Administration of the project

- 7.1 Overall administration : The committee on the Tourism Promotion for Industrial Village Development has been set up since 1999 in order to administer the project.**

33

- The Committee is composed of officers from DIP and TAT, and chaired by the Director of the Bureau of Cottage and Handicraft Industries Development, Department of Industrial Promotion.**

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The Working Group on Technical Matters, chaired by Mr.Chinnaphat Sangkhawuttichaikul, is also set up for taking care of training and rendering technical know-how to the Village Management Committees and the members of the villages.


□ Different level of training courses and seminars have been organized during the past 5–6 years.

□ 7.2 Building Plan for Construction the Community Centres :
□ The TOR for Construction Plan was determined and agreed upon by the Committee on the Tourism Promotion for Industrial Village.

□ By mean of bidding, the SQ Architect and Planner Co.,Ltd.,was assigned to work on designing the building plan for using in constructing the community centres.


⌘ Four styles of buildings
Lanna Styles for Northern Region
Isarn Style for North–Eastern Region
Central Style for Central Region
Panyah Style for Southern Region

□ However, comments were made that each village should have the building in its particular style to match the culture and environment of the village.




- **7.3 Administration of the Project Implementation**
- Seven main parts or activities concerning the implementation of the project:-
- 7.3.1 Selection of the potential villages
- 7.3.2 Construction of the community centre buildings

37



- 7.3.3 Organizing training courses and seminars in all aspects of community businesses or rural industrial enterprises.

38




- 7.3.4 Preparing landscaping plan and implementation to maintain village traditional environment and rural charming

39



- 7.3.5 Marketing promotion and publicize the villages
- 7.3.6 Convey detailed research for improving village management
- 7.3.7 Overall follow-up

40



8. Selection of the Potential Villages

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Criteria for selection


- 1) The villages have public land or donated land with the size of the area adequate for the construction of the community centers.
- 2) The villages have distinctive products
- 3) The villages are en route to tourist attractions

42



- 4) The occupation groups in the villages have further potential of development and becoming community enterprises.
- 5) The villages have cultural heritages that can be preserved and promoted as cultural attraction for tourists.

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9. The Community Centers

Each Community Center comprises:-

- 1) Exhibition and sale building
- 2) Restaurant building
- 3) Toilet building
- 4) Parking


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9.1 The Community Center

- 1) A building of one story, app. 200 square meters, as village products outlet and information services for tourists.
- 2) A restaurant building, 120 square meters, for serving traditional food and delicacies.

45



- 3) A toilet building, 40 square meters, for men, women and the disabled.
- 4) Parking lot for 30 cars.

46



9.2 Functions of the community centers


- 1) Serving as facilities center for village activities
- 2) Serving as reception and village information center for tourists

47



- 4) Serving as a forum for showing traditional performances, cultural show and village life
- 5) Serving as facility for the use of handicraft and cottage industries groups, and community functions, e.g., venue for meeting, community works, etc.

48



9.3 Strategic Location of the Community Centers : Three concepts


- 1) Location inside the village
- 2) Just outside but closed to the village periphery
- 3) Outside the village on main communication route

49



- 20 targeted villages of the project have their community centers in different locations as mentioned above.


50



9.4 Construction of the Community Centre Buildings

- 9.4.1 Execution agency : the Department of Industrial Promotion(DIP) has been assigned to execute the construction of the community centres of 20 villages in consultation with the consultant company of OECF or JBIC Loan under TAT projects.


51



9.4.2 Person in charge and Committees


- An officer of DIP, Mr. Chumpong Limpigovida, is in charge of the construction in cooperation with the Regional Promotion Centres and the Provincial Industrial Offices whereas the Rural Industrial Villages for Tourism located.

52




- In the above matter, two local committees at each location were set up for controlling the construction :-

53



- 1) The Construction Inspection and Follow-up Committee
- 2) The Work Acceptance Committee.
- Members of the above committees comprise:-
 - - officers of the Regional Industrial Promotion Centres
 - - officers of the Provincial Industrial Offices
 - - chairpersons of the Village Management Committee at each location of the targeted village

54



9.4.3 Construction companies


As the purpose of distribution of construction work to local companies in each province of the targeted villages, local construction companies were employed by the formal method of bidding.

10



In this regard, 18 local construction companies in different provinces were employed.

11




9.4.4 Problems and obstacles

1) The problem of land use :


Many targeted villages proposed to use the public land in the village under the consensus of the villagers who agreed fully to the establishment of the community centres.

12



However, requiring permission of using public land from concerning ministries has taken incredibly long time; some villages have taken more than two years. And as unfavorable result, the community centres of two villages, one in the South and the other in the North-East have not been constructed.


13



2) Problem of imperfect construction :

Some facilities at the community centres, e.g., toilets are not in perfect condition. However, some construction companies are not alert enough to correct their works properly even the works are in guarantee period.


14



3) Prolonged time of construction :

All members of the targeted villages agreed and were enthusiastically waiting for the construction of the community centres, and the Village Management Committees of most villages were alert to work at the centres. The prolonged period of construction impede them to work actively.

15




10. Management Capacity Development :

10.1 Purposes:-

- 1) To educate the Village Management Committees and village members in various aspects of production ,marketing , financial and environment management .
- 2) To provide the training in the way that the Committees can manage the centers and the villages by themselves in the long run.

11



- 3) To enhance the vision of community enterprises that the principles of self-reliance and self-sufficient is the core of village economy and social life.


12



10.2 Strategies of management capacity building:

- Training , seminars, workshops,
- Study visits, cross villages visits
- Giving in depth consultation
- Self assessment

13



- Input of managerial skills from various sources including those from the Road-Side Stations from Japan.

14



10.3 Topics of training, seminars, workshops, study visits, consultation :-


- Production management
- Product design and quality development
- General management and merchandising management

15



- Marketing and packaging management
- Home stay and village tour management
- Landscaping and gardening promotion
- Concept of eco-museum, etc.

16



10.4 Levels of training and seminar :-

1) Village level : Topics of training and seminar


- the project participatory seminar in the way of bottom up met the top down
- production technique to meet the requirement of each village

81



- management seminar for each village
- product design and quality development of each village

82



2) Regional level :

Various seminars and workshops were organized at the regional level where members of villages in those regions joined the events :-


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Topics

- Marketing and Financial Management and Community enterprise planning organized by DIP
- Village Tour Guides by TAT
- Home Stay Management by DIP

84



3) Inter-regional level :-

- Community enterprises development planning workshops for village members from the North and the North-East, and the Central and the South
- Product development and producers meet the buyers seminar, etc.

85



4) National level:

- - Landscaping , environment and Thai life style conservation
- - Product development and managerial skill in marketing , etc.

86

5) International level :

- Managerial skills development workshops co- organized in Thailand by DIP, JBIC, TAT in cooperation of Tomiura and Uchiko Road-Side Stations in Japan.

78

- – Study missions from Tomiura and Uchiko road-side stations members visiting several Rural Industrial Villages for Tourism, e.g., Ban Yang Thong, Ban Kham, Ban Nong Khao and Ban Kiriwong in Thailand.

79

- – Study missions from Thailand visiting Tomiura and Uchiko Road-Side Stations in Japan, a programme under JICA and JBIC.
- – A lot of experiences learned from the missions.

79

11. Landscaping Plan :

- In order to conserve village environment and rural charming, Silpakorn University is assigned from DIP to prepare landscaping plans for six villages and implementation was finished by September 2005.
- A matter of maintenance be the villagers?

79

12. Marketing Promotion and Publicity


Apart from the community centers which is functioning as village products outlet, the involving organizations have invited village members to participate in various fairs and events in Bangkok and in different provinces.

79

Some events

- – Top Industrial Villages and Thai Hand-loom Fabric Fair in Bangkok organized by DIP
- – Thai Tourism Fairs in Bangkok by TAT, etc.

79



- Video and brochures to publicize the villages prepared by TAT and DIP and JBIC Journals.
- – A book about the development of the Tourism Promotion for Industrial Villages Development will be issued soon.
- – JETRO has particular programme for certain village and the road-side station in Japan.


78



13.R&D for better management

Detailed research for the improvement of management of the targeted villages was conveyed by the Research Institute of Khon Khaen University in 2003–2004 under JBIC assistance in cooperation with DIP.

80



14. Overall follow-up :-

- 1) By DIP and its Regional Centers
- 2) By JBIC Bangkok and Tokyo Offices

81



15. Achievement :

Different levels of achievement :-

Factors or keys of success:-


- Leadership of village leaders
- Level of cooperation among the Village Management Committees and local administrations
- Understanding and cooperation of village members
- Viable of village products in tourist and local markets

82



- – Continuity of promotion from organizations concerned,
- Active promotion from Japanese local governments is very good sample.

83



16.Overall problems and obstacles :-

- 1) Internal problems in the villages
- 2) Problems between the village management committees and local administrations
- 3) Problems from outside organizations?


84



Part 5 :Some recommendations for promoting crafts villages based tourism.

- -Careful survey and selection of potential villages- least politic
- -Sound and advanced planning
- -Integrated plan
- -Active participation of village members
- -Appropriate training and seminars on adequate subjects
- -Active mentoring system including following up

23



Part 6 : Q& A

Thank you for your attention.

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Session 2: Q & A

Question:

To the Thai delegate: OTOP was initiated and supported by the Thaksin government. Would Thailand continue with their OTOP policy in view of the recent change in the administration?

Ms. Natiya replied that no matter what the political party, OTOP is a grass-root and fundamental movement, therefore will continue.

SESSION 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts -Entrepreneurship Education Projects-”

Introduction of successful projects related to the promotion of a traditional local industry growth potential through strong partnerships between intellectual centers such as universities and regional industries.



- Prof. Dr. Yonosuke Hara, Chairman of Board, Asia SEED, Japan
- Prof. Takeru Oe, Professor of Waseda University, Institute of Asia-Pacific Studies, Japan
- Mr. Stephen Paterson, Advisor, National University of Management, Cambodia
- Dr. Sunanta Fabre, Associate Professor, Mae Fah Luang University, Thailand



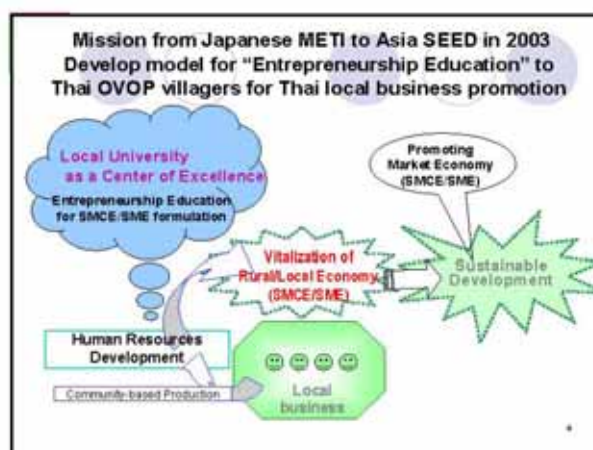
Dr. Fabre



Mr. Paterson



Dr. Oe



*Session 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts
-Entrepreneurship Education Projects-”*

Dr. Yonosuke Hara

“Entrepreneurship Development and Local Business Promotion”



Today's speakers

- Prof. Dr. Ohe, Waseda University
- Assoc. Prof. Dr. Sunanta Fabre, Mae Fah Luang University
- Mr. Stephen Paterson, National University of Management, Cambodia

7

Tricycle Model
To Create an Entrepreneurial Society

Learning from Helping

The role of education in promoting local
industries and SMEs
-Entrepreneurship Education Projects-

September 22, 2006
Waseda University, Tokyo Japan
Takeru Ohe

Table of Contents

- Waseda Venture Kids Program
- Entrepreneurship Course at Waseda Business School
- Programs in Asia

**Waseda Venture Kids
Program**

Waseda University

- Established in 1882
- Third largest university in Japan
- Motto: Independence of Learning
- Waseda Business School
 - MBA and MOT Programs
 - NTU-Waseda Double MBA<http://www.waseda.ntu.edu.sg/>
- Prof. Ohe teaches
 - Corporate Venture
 - Entrepreneurship



**Entrepreneurship is
an instinctive skill set**

- Education & home discipline prevent the use of this skill set
- Kids have limited opportunity to use the entrepreneurship skill set
- It is essential to provide opportunities to use the entrepreneurship skill set



**Entrepreneurs have their own
practice when they are young on
entrepreneurship**

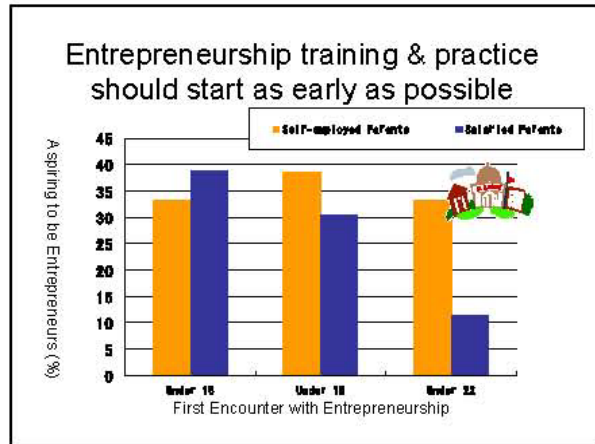
- Bill Gates, Microsoft
Established a software company at 15
- Dell, Dell Computer
Established a mail-order stamp
service at 12



Session 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts
-Entrepreneurship Education Projects-”

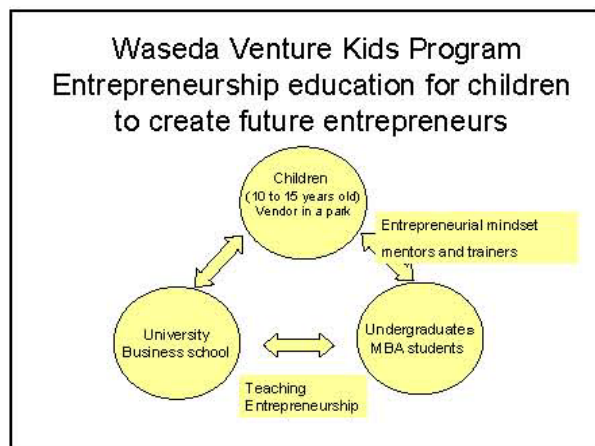
Dr. Takeru Oe

“Tricycle Model to Create an Entrepreneurial Society”



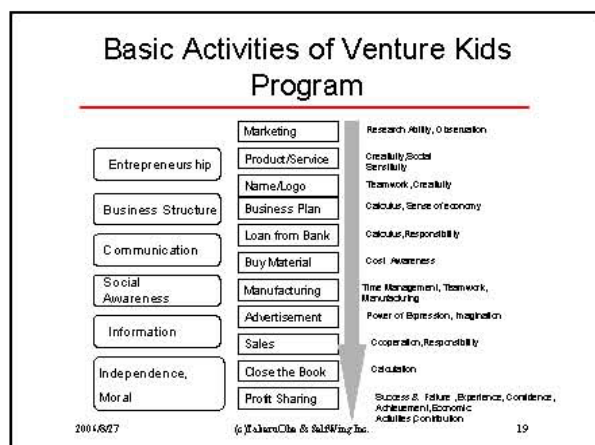
Education Required for 21st Century Information Age

Industrial Age	Information Age
<ul style="list-style-type: none"> Long Term Right answer Study the right answer Improve the answer Knowledge based education 	<ul style="list-style-type: none"> Short Term No right answer Trial and error Entrepreneurship Learning from failure Assumptions based education



Selfwing, Inc.

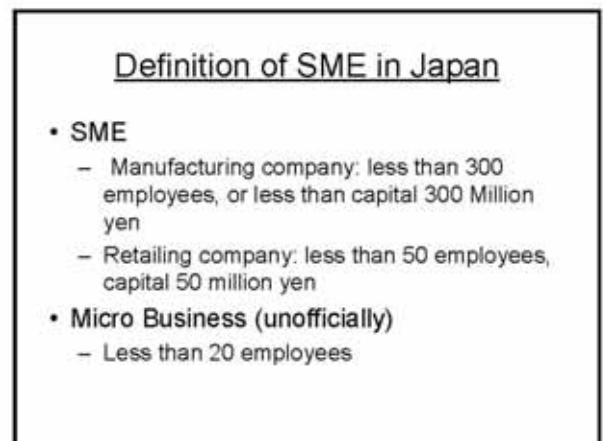
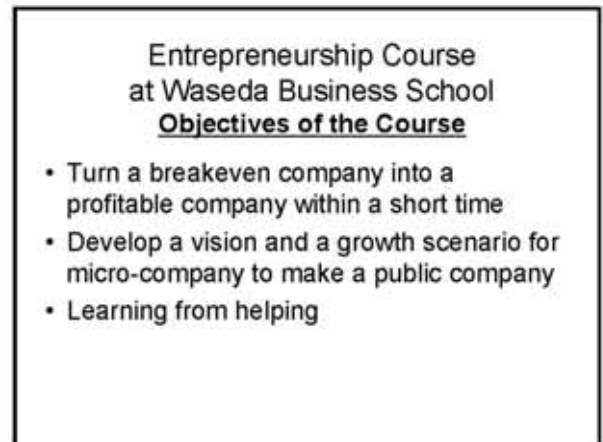
- Selfwing, Inc. is a venture established by MBAs from Waseda Business School.
- Selfwing, Inc. provides its unique educational programs for children, such as V-kids Camp including the following programs;
 1. Entrepreneurship
 2. Business
 3. Traditional craft
 4. Foreign language
 5. Career planning
- V-kids programs are provided in the forms of summer camps or regular class room for children, collaboration with local communities.



Entrepreneurship Course at Waseda Business School

Learning from Helping

“Tricycle Model to Create an Entrepreneurial Society”



Session 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts
-Entrepreneurship Education Projects-”

Dr. Takeru Oe

“Tricycle Model to Create an Entrepreneurial Society”

Problems Related to The Metal Processing Industry in Japan

- The industry consists mainly of SME companies
- Experienced decline in both numbers and sales during the last ten years
 - Customers have shifted to overseas operations
 - Competition with lower-priced overseas companies

Observations at Hamano Products K.K

- Orders received by fax, mail, direct
- Small repeat orders
- Short-notice orders
- Limited employees can input data into CAD
- Limited employees can do quotations and slow quotations
- High turnover of employees: no technology accumulation
- High defective fraction: 2% to 10%
- No cause analysis of failure to receive an order
- No standard Job Work Instructions
- No standard delivery method
- Very unorganized workplace
- No profit management
- A six-day work week
- Overtime payment is almost equal to monthly salary

Five Growth Strategies

Lens	Strategy	Strategic Tool
1 Customers	Improve the customer's experience	Consumption chain analysis
2 Products and offerings	Improve the offerings	Attribute mapping
3 Key metrics	Redefine profit drivers	Unit of business analysis
4 Industry shifts	Exploit industry shifts	Industry shift framework
5 Emerging opportunities	Enter new markets	Tectonic triggers framework

MarketBusters HBS 2005 Rita McGrath and Ian MacMillan

Strategy 1

Improving Customer Experience with Offerings

- The website was designed to help the large company design engineers complete the order-purchase transaction – including researching, price negotiation, and delivery – online.

Strategy 2
Improving Product Offering

Main customers: Large manufacturers directly		
Nonnegotiable	Differentiator	Exciter
Fast and accurate delivery. Accurate delivery and high quality. Obtain ISO14000	Introducing the solutions for the difficult questions	Fast and standardized estimation
Tolerable	Dissatisfier	Enragers
High price	Limited technology	
So What	Parasit	
Pictures and histories of employees	ISO 9000	

Strategy 3

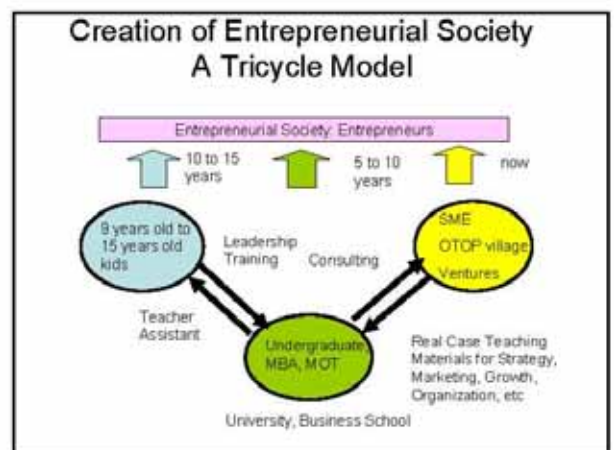
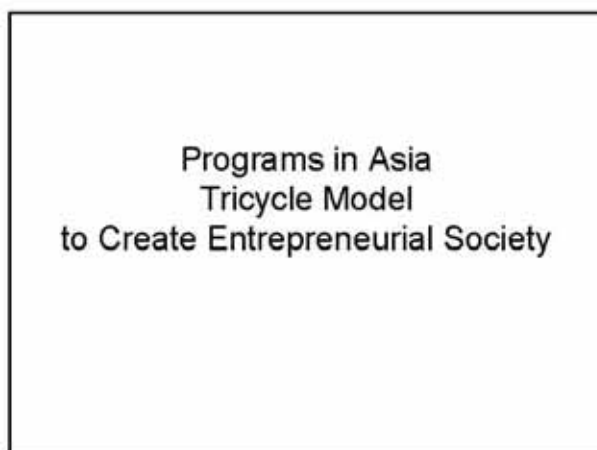
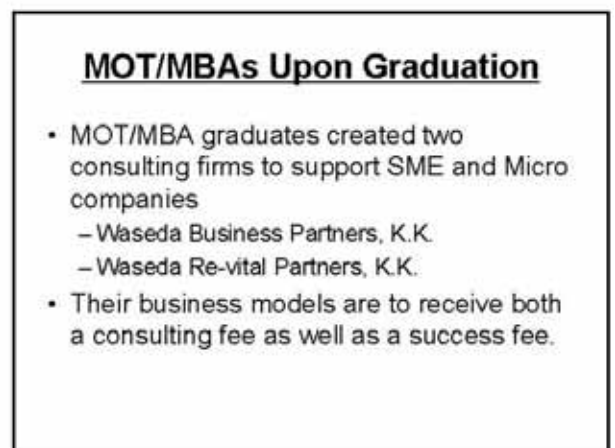
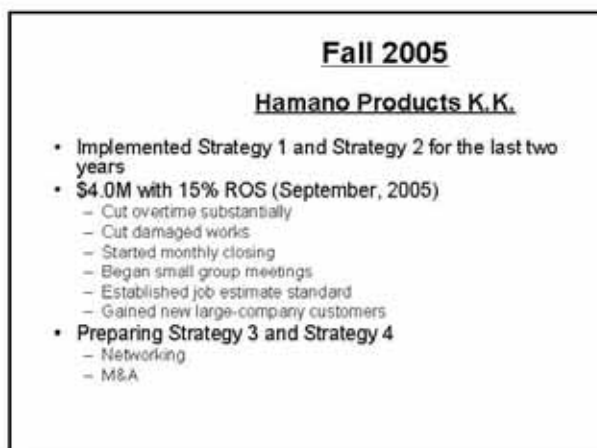
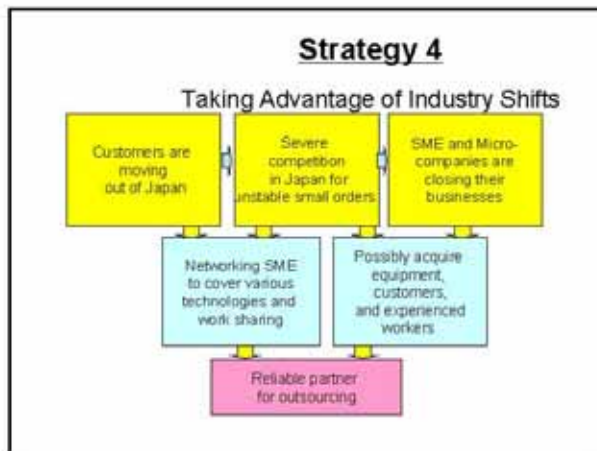
Modifying the Business Unit

- From the sales of metal processing work to the sales of assembled finished products and consulting fees from consulting work.
- Change of a very low profit rate of metal processing work to higher profit rate of consulting and assembly work.

Session 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts
-Entrepreneurship Education Projects-”

Dr. Takeru Oe

“Tricycle Model to Create an Entrepreneurial Society”



*Session 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts
-Entrepreneurship Education Projects-”*

Dr. Takeru Oe

“Tricycle Model to Create an Entrepreneurial Society”

Entrepreneurship in Asia

- Entrepreneurship education projects in
 - 2003 Thailand: Mae Fah Luang University
 - 2004 Cambodia: National University of Management
 - 2005 Malaysia: UKM (University Kebangsaan Malaysia)
- => An effective, novel approach to promote local business involving a local intellectual center (university) as the core participant, therefore at the same time:
 - Educate students & enhance their entrepreneurial mind and spirit
 - Promote local industries

New challenges:

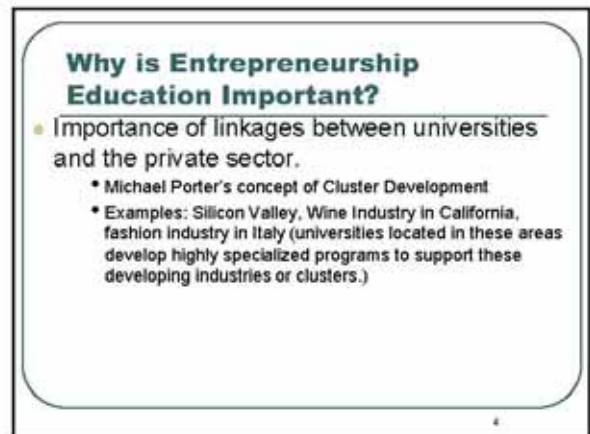
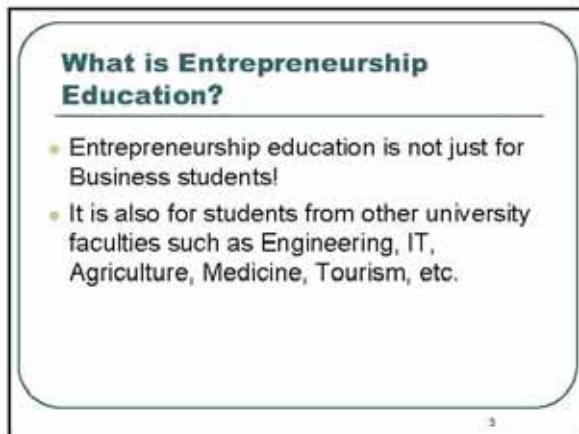
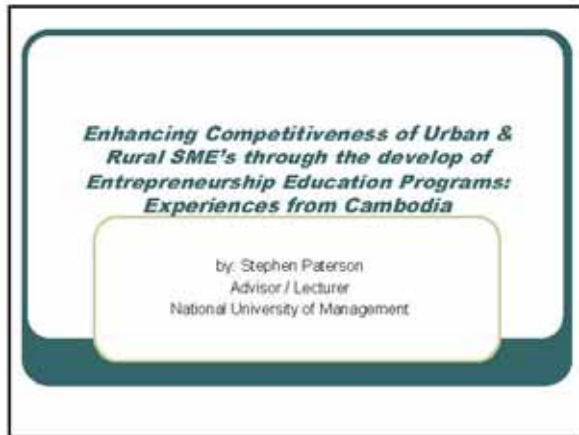
making a text book for kid-entrepreneurs

- The Ministry of Education, Culture, Sports, Science and Technology is funding a project to create a *text book* on entrepreneurship for the Asian region to develop “kid-entrepreneurs”
- Text book would help education institutes to develop a program for the young, flexible generation to learn an entrepreneur’s creative and practical way of thinking
- Implementation schedule:
 - 2006 Thailand
 - 2007 Vietnam

Thank you!

tohe@waseda.jp

Mr. Stephen Paterson: “Enhancing Competitiveness of Urban & Rural SME’s through the develop of Entrepreneurship Programs: Experiences from Cambodia”



*Session 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts
-Entrepreneurship Education Projects-”*

Mr. Stephen Paterson

“Enhancing Competitiveness of Urban & Rural SME's through the develop of Entrepreneurship Programs: Experiences from Cambodia”

**Entrepreneurship Education Programs at the
National University of Management in Phnom Penh**

- **1994 to 1998:** Partnership with Georgetown University to implement a Small Business Training Program to prepare business plans for new ventures.
- **2002 to 2004:** Partnership with Fisk University & Tennessee State University to train faculty in the area of entrepreneurship.
- **2004 to Present:** Partnership with Asia SEED from Japan, involving students working with silk handcraft producers and palm products as part of a One Village One Product approach.

7

**Entrepreneurship Education Programs at the
National University of Management in Phnom Penh**

- **2005 to Present:** Partnership with AOTS, Japan to help train local faculty in Entrepreneurship Education and curriculum development.
- **2005 to 2006:** Partnership with TOTAL to encourage faculty and student teams to help rural energy producers develop business plans for expansion.
- **2006:** Partnership with McKinsey & Company to encourage students to develop business plans and also to encourage them to work with existing SMEs.

8

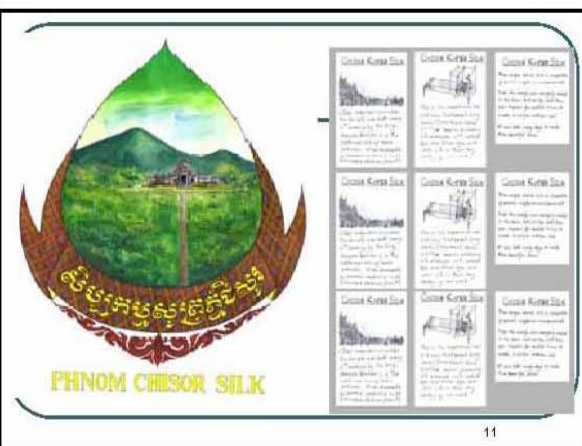
Asia SEED Project

- **Silk Products**
 - Students worked with village handcraft producers (One Village One Product)
 - Marketing: Students contacted retail stores in Phnom Penh and Siem Reap.
 - Branding: Students developed community brand name, packaging & labeling.
 - Linkages with local tourism destination.
 - Product Development: Students introduced new designs, natural colors, etc.
 - Website: Asia Seed

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Asia SEED Project

- **Naga Palm Wine & Vinegar Enterprise**
 - Marketing: Consumer taste testing for tourist market in Siem Reap
 - Contact restaurants and hotels in Siem Reap and Phnom Penh to promote product. (esp. utilizing Alumni)
 - Label re-design
 - Product development: Chemical testing in Thailand
 - New Product recommendations: Palm Sugar

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*Session 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts
-Entrepreneurship Education Projects-”*

Mr. Stephen Paterson

*“Enhancing Competitiveness of Urban & Rural SME’s through the develop of Entrepreneurship
Programs: Experiences from Cambodia”*



Other Activities

- **Khmer silver-smith villages**
 - Student field trip and survey
 - Problem: Marketing (Tourists)
- **Lotus Pond**
 - Arts and Crafts
 - Wood Carvings (introduce new designs and styles)
 - Future Strategy for expansion!

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McKinsey Project

- **Preparing new business plans for:**
 - Bakery, cafe, restaurant, etc.
 - Agribusiness: Cassava Plantation
 - Rural Energy
- **Special Advertising Project with Green Spot of Thailand to promote soy-milk drink to university students.**
- **Field trips & Guest Speaker Series.**

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*Session 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts
-Entrepreneurship Education Projects-”*

Mr. Stephen Paterson

*“Enhancing Competitiveness of Urban & Rural SME’s through the develop of Entrepreneurship
Programs: Experiences from Cambodia”*



Regional Experiences

- **Laos (Traditional Handicrafts)**
 - National University of Laos
- **Vietnam (Craft Village Tourism)**
 - National Economics University
- **Malaysia (Food Industry)**
 - University Kebangsaan Malaysia (UKM)

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Regional Experiences

- Working with Prof. Takeru Ohe from Waseda University and Prof. Sunanta from Mae Fah Luang University to introduce Entrepreneurship Education (esp. Attribute Map and Consumption Chain) to faculty and students in Cambodia, Laos and Malaysia.
- Importance of Attribute Map and Consumption Chain to better understand the needs of customers.

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The Attribute Map

	Basic	Discriminators	Energizers
Positive	Nonnegotiables	Differentiators	Exciters
Negative	Tolerables	Dissatisfiers	Enragers
Neutral	So-whats	Parallels	

Sources: McGrath & Macmillan, Market Busters, HBS Press, 2005.
Lecture by Prof. Takeru Ohe, Waseda University, Japan.

22

Enhancing Competitiveness of Rural and Urban SMEs

- **Importance of linkages among different organizations (e.g. universities, government and the private sector).**
- **For example: Craft Village Tourism**
 - Artisans and local government officials should work with tour agencies, university students, etc. to promote their destination.

23

Horizontal vs. Vertical Collaboration

- Traditional approach Vertical Collaboration (e.g. top / down, within an organization)
- New Approach: Horizontal Collaboration
 - People working together across different organizations (e.g. universities working together with government and the private sector).
 - Teams should be created which include faculty and students from different universities, government officials from different ministries, etc.)

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*Session 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts
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*“Enhancing Competitiveness of Urban & Rural SME’s through the develop of Entrepreneurship
Programs: Experiences from Cambodia”*

Lessons Learned

- Students are highly motivated and represent an untapped resource.
- Need for more horizontal collaboration among university faculties (e.g. student teams should consist not only of business students but also engineering students, agriculture students, etc.)
- Need for more horizontal collaboration among government ministries and departments plus international companies, NGOs and micro-finance institutions.

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Lessons Learned

- Marketing (understanding the needs of customers) and IT continue to be the main weaknesses of most SME's in Vietnam, Cambodia, and Laos.
- Lack of a Customer/Product Vision!

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Dr. Sunanta Fabre: “Guidelines on ‘The Development of One village One Product to Foreign Markets’”



The objective of my research work was to elaborate guidelines based on the needs of local business owners and to seek for the real problems in developing local products to wider markets

Sunanta Fabre-MFLU-CB

7

Experts from international organizations, officers of government, universities, local business owners, students, quality control sector and professional bodies work together

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8

The Guidelines were conceived as being voluntary and non-binding in character and as providing orientation for developing local capacity, national capacity and international cooperation in this area.

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9

The Guidelines as a tool conduct successfully The project

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10

Five stakeholders in local product development :

- Governments
- Higher education institutions
- Local business owners
- Professional bodies
- Quality assurance and accreditation bodies

Sunanta Fabre-MFLU-CB

11

Introduction

The Guidelines aim to encourage the five stakeholders and enhance the understanding of the importance of quality in local product development.

Sunanta Fabre-MFLU-CB

12

Rationale for the Guidelines

- The improvement of living standards
- The generation of income
- The employment opportunity
- The elimination of income disparity

Sunanta Fabre-MFLU-CE

13

The situation of OTOP product development in the present : a stagnant due to

- Insufficient production technology and quality
- Lack of ideas for design;
- Lack of access to financial resources for additional investment;
- Insufficient marketing and undeveloped distribution channels

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14

- Lack of leadership and skill labour;
- Undeveloped management system;
- Lack of accounting system including bookkeeping and IT knowledge;
- Lack of comprehensive frameworks for coordinating various initiatives at several levels

Sunanta Fabre-MFLU-CE

15

There is therefore a need for additional national initiatives, strengthened international cooperation and networking , and more transparent information on procedures and systems of quality control and the recognition of qualification.

Sunanta Fabre-MFLU-CE

16

Need of HRD Program for the entrepreneurship education

The university must play the essential role in the local product development

- EX**
- Creation Guidelines for quality of - products
 - Creation of HRD Program
 - Etc.

Sunanta Fabre-MFLU-CE

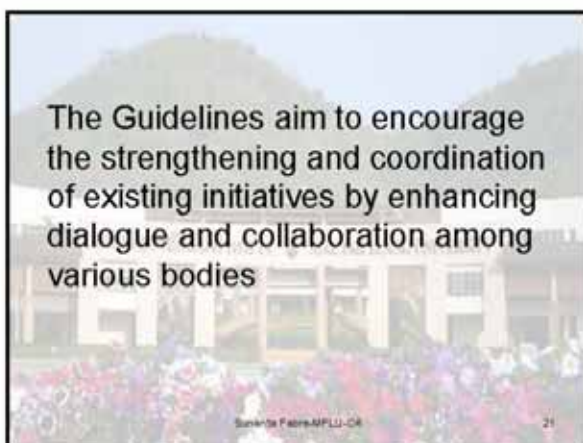
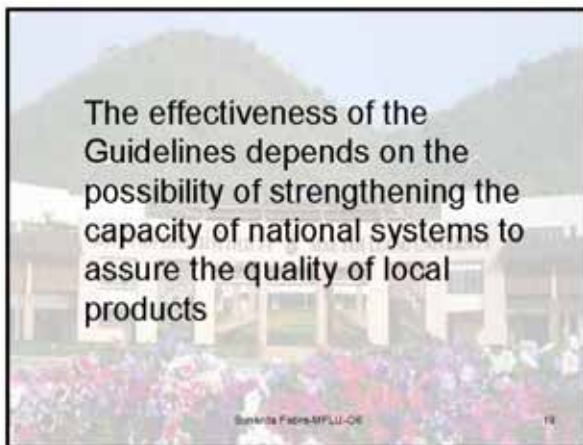
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Scope of The Guidelines

To provide a framework for quality provision in local product development to the world market

Sunanta Fabre-MFLU-CE

18



2. Higher education institutions/providers

- Ensure the comparable quality
- Recognize that quality teaching and research is made possible to develop the quality of local products – a strong support of the president of university and academic freedom
- Develop, maintain or review current internal quality management system

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25

- Consult competent quality assurance and accreditation systems of the countries of consumers
- Share good practices between networks at national and international levels
- Develop and maintain networks and partnerships

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26

- Use codes of good practice such as "Recommendation on Criteria and Procedures for the Assessment of Foreign qualifications" (UNESCO/Council of Europe)
- Provide accurate information on the criteria and procedures of external and internal quality assurance.
- Ensure the transparency of the financial status of the research projects

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3. Local business owners

- Be involved as active partners
- Take active part in promoting quality provision

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4. Professional bodies (or governmental ministries)

- Develop information channels of qualifications. Information should be accessible to local people.
- Establish and maintain contacts between local business owners and higher education institutions to improve qualification assessment methodologies

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- Establish, develop and implement assessment criteria and procedures for comparing programmes and qualifications to facilitate the recognition of qualifications
- Improve the accessibility at the national level and international level of up-to-date

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30

5. Quality assurance and accreditation bodies

- Ensure that our quality assurance and accreditation arrangements of with the international level of quality assurance.
- Ensure that standards and process are transparent
- Sustain and strengthen the existing regional and international networks.

Sunanta Fabre-MFLU-06

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- Establish links to strengthen the collaboration between universities and local business owners to build the understanding
- Provide accurate and easily accessible information on the assessment standards, procedures, and effects of the quality control.

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Sample of course syllabus for textile product development I propose :

**Duration : 1 year
(440 hours)**

- History of textile. Weaving. Diversity of fibers and the procedure of weaving ----- 40 hours
- Techniques of weaving The quality of production Diversity of clothes ----- 40 hours

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- Design motifs ----- 30 hours
- Using colors – Colors matching. Colors and Culture of people in the world ----- 30 hours
- Techniques of dying and quality of dying ----- 30 hours
- Product design: Design and culture of people in the world ----- 30 hours

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- Business on textile product Preparing yourself to be entrepreneur ----- 58 hours
- Local business entrepreneurship program ----- 62 hours
- Practice : Realize one product (15 days) ----- 120 hours

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35

Design

Products design: The design of a products is the key to drive the success of the products and the designers continue to create innovative ranges that attract global attention.

Packaging design: The design of a package is the first a customer sees. They react immediately to package shapes, and are influenced by them when making buying decisions.

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Tourism

Hosts

- Phu Vinh villagers, Ha Tay Province (Bamboo & Rattan)
- Van Lam villagers, Ninh Hai, Ninh Binh Province (Embroidery)

Visitors : Tourists from Europe

37



- What we have to fabric for European market?
- How should we know what they use and what they like?

38



Design means

- Form and size
- Color
- Motif
- Material

39



Two objectives which should be focused on designing:

1. Utilities / Market
2. Decoration / Art / Museum

40



Three points of design strategies to be aware:

1. Design by preserving traditional patterns
2. Design by creating the new patterns
3. Design by modifying traditional patterns

41



To sell more products to foreign tourists, the villagers must change or modify their designs to make them more suitable for the users.

They should have a diversity of products which correspond to the markets or potential markets.

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Session 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts
-Entrepreneurship Education Projects-”

Dr. Sunanta Fabre

“Guidelines on ‘The Development of One village One Product to Foreign Markets’”

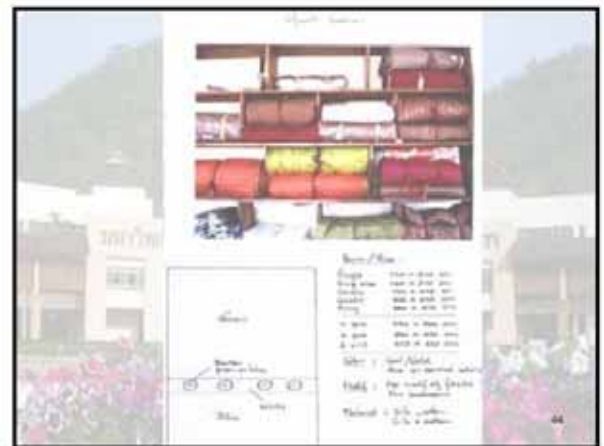
The idea comes from the knowledge about the way of life of their potential markets (culture, habits, profession, etc.)

For example:

What the foreign tourists use in their bedroom?

- Form / size
- Color
- Motif
- Material

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Price List

Item	Price
1. Red fabric	100.00
2. Yellow fabric	120.00
3. Blue fabric	150.00
4. Green fabric	180.00
5. Purple fabric	200.00
6. Orange fabric	220.00
7. Pink fabric	250.00
8. Brown fabric	280.00
9. Grey fabric	300.00
10. White fabric	320.00

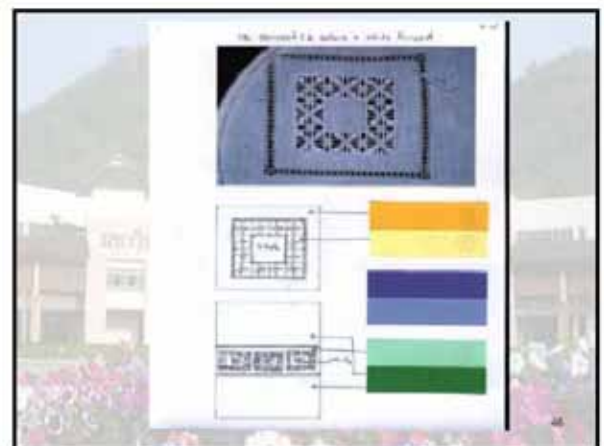
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Materials

- 1. Cotton fabric
- 2. Silk fabric
- 3. Wool fabric
- 4. Linen fabric
- 5. Polyester fabric
- 6. Nylon fabric
- 7. Rayon fabric
- 8. Spandex fabric
- 9. Denim fabric
- 10. Canvas fabric

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Color Palette

- 1. Red
- 2. Yellow
- 3. Blue
- 4. Green
- 5. Purple
- 6. Orange
- 7. Pink
- 8. Brown
- 9. Grey
- 10. White

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Suggested strategy in design is to avoid producing the same patterns in the village:

ONE FAMILY, ONE (NEW) PRODUCT

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Textile in the North of Thailand



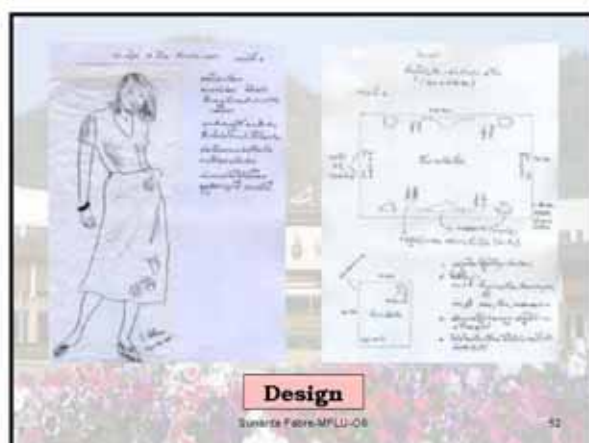

Daily dress

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Session 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts
-Entrepreneurship Education Projects-”

Dr. Sunanta Fabre

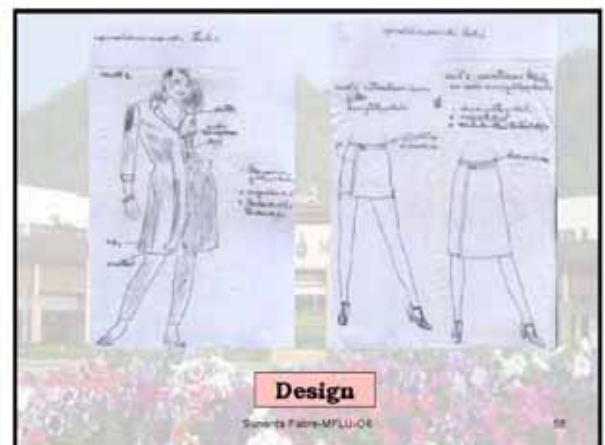
“Guidelines on ‘The Development of One village One Product to Foreign Markets’”



Session 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts
-Entrepreneurship Education Projects-”

Dr. Sunanta Fabre

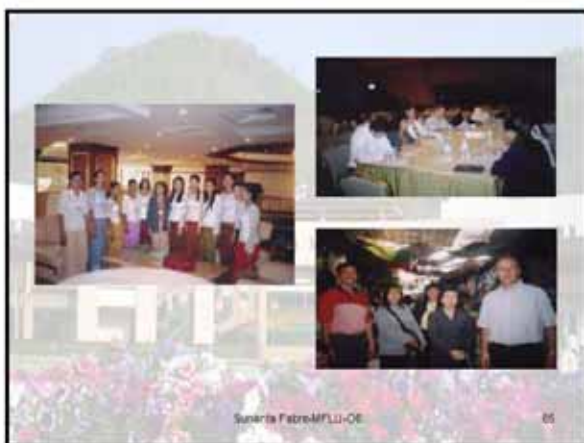
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*Session 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts
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“Guidelines on ‘The Development of One village One Product to Foreign Markets’”



Session 3-1: Q & A

Question:

My friend in high school is also an entrepreneur, and is making more money than myself - so what am I doing wrong?

Also I would like to ask whether the panelists have ever been an actual entrepreneur themselves, and would like to ask them to share their good experiences in this regard.

Dr. Oe replied to the first question that perhaps the questioner's dream was not to make too much money but to enjoy life whereas his friend is determined to make more money. Dr Oe himself commented that he himself prefers freedom to money, therefore as an entrepreneur perhaps a failure, but he enjoys what he is doing.

Mr. Paterson replied in respect to the second question that the entrepreneurship education program gives the students and teachers the opportunity to actually have this experience with the community, where the students not only teaches the local businessmen the technical skills in business but also in return experiences real business. So it is also a learning process for them.

Dr. Sunanta replied to the second question that yes, she is an entrepreneur, and commented that it is important to spend more time to observe, with not too much education or analyzing.

SESSION 3-2: Panel Discussion on "Manufacturing and Marketing of Traditional Arts and Crafts -Case Studies of APEC member Economies-"

Introduction of successful case studies of APEC member Economies related to the promotion of traditional local industries

- Mr. Komank Redana, Entrepreneur, Yayasan Mitra Bali, (foundation), member of IFAT (International Federation for Alternative), Indonesia
- Mr. Ismail Mat Amin, Deputy Director General, Malaysian Handicraft, Malaysia



Mr. Redana



Mr. Amin

Mr. Komank Redana: *“The Practice of Fair Trade at Mitra Bali”*



The Practice of Fair Trade at Mitra Bali

By Agung Alit

Background

The organization Fair Trade originated around 1960 in the Western country of The Netherlands. The objective was to change the impact of the world free market known as free trade, particularly the style of free trade promoted by the World Trade Organization (WTO).

The spark for fair trade was struck within the intellectual, activist circle of the LSM, a group of spiritual background concerned about business ethics. This group believed that free trade would profit ordinary people rather less than holders of capital, and that the latter would be mainly from the wealthier nations. The most vulnerable to change would be those in ordinary day-to-day production (farmers, fishermen, craftsmen, hunters) and in both often-overlooked groups such as the women of poor countries and also the see better-known Southern nations: of Africa, Latin America, and parts of Asia such as Indonesia. This situation was being brought about via organizations of world business such as the WTO that mainly promote the interests of countries powerful, rich, and capable in many fields. A style of thinking was being born, midwived by the WTO, that would increase the importance of the nations wealthy in high technology. Please do not forget that every policy tends to further primarily the interests of those who sponsor it. Thus was begun the group Fair Trade to unite those with skills and knowledge that lay outside those promoted by the WTO and did not necessarily stand to benefit from the process.

The process of globalization belongs to no one and anyone may organize to influence it as they fit. To this end the fair trade movement is growing throughout the world. The practice of fair trade may become an international standard, or perhaps even the international standard.

The Meaning of Fair Trade

Before we define fair trade, I would like to explain about the umbrella organization of the fair trade movement. To this end the International Fair Trade Association (IFAT) is now at work in 61 countries and is actively growing. The IFAT is now centered in Culemborg, The Netherlands, and functions to actively campaign and lobby for the market concepts of its members throughout the

world, who are from Africa, Latin America, Asia-Pacific and advanced countries of Europe and American. In these respective regions came into being forums for fair trade that are associated with IFAT. Indonesia at this time has entered the Asia Fair Trade Forum (AFTF), whose members include Thailand, Philippines, Vietnam, India and Sri Lanka. The office of the AFTF now resides in Philippines. IFAT and AFTF renew their association every two years. Together they monitor international business practices, train business people in the practices of fair trade, and build consumer awareness of the quality products resulting from the fair trade model as well as identifying products of exploitation. Products of members of fair trade are food, arts, and crafts produced at home Mom-and-Pop operations. As an umbrella organization IFAT makes the following statement:

Fair Trade is a trading partnership, based on dialogue, transparency, and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers especially in the South.

Those who would like to learn more are welcome to the IFAT web site at www.ifat.org.

Principles of Fair Trade

Those practitioners of business who choose the fair trade model must in the workplace implement at least these nine principles, which are:

- Create opportunities for employment and income in the producer group particularly to relieve poverty
- Our business model is based on transparency and accountability
- Capacity building: teaching skills in production, design, and marketing to producers so they might enlarge their own markets and be independent of the fair trade organization
- Campaign together for fair trade
- Fair payment to the producer
- Working conditions that are healthy and safe
- Gender equity, as men and women should be treated equally
- No child labor
- Care of the environment, not using old-growth wood or toxic chemicals and giving attention to all aspects of human life and ecology. Production that is sustainable in this world.

All of these principles are included in every purchase order (PO) that is accepted by Mitra Bali,

usually in the upper-right-hand corner.

The Practice of Fair Trade at Mitra Bali

Mitra Bali is an organization practicing fair trade since 1993. After demonstrating allegiance to the principles of fair trade Mitra Bali was accepted as a member of IFAT in 2001, thus automatically becoming a member AFTF as well. As a member of IFAT Mitra Bali is obliged to follow the principles of fair trade show above.

Why Does Mitra Bali practice fair trade?

We begin with some short stories that arose from the group of producers – farmers, fishermen, laborers, and suppliers -- in Bali. All their stories are unhappy, especially supplying to hotels, restaurant, art shop, and so forth. Bali is very well known as the Island of a Thousand Temples and is an international center of tourism with five-star hotels. The producers had a dream being suppliers to these places, but the dream fell flat. Supplier Wayan Jenggo of Ubud said, “The first order for one to two million rupiah went smoothly, but when the order was 17 million neither the foreign buyer or local partner has yet paid.” Made Kardi is a supplier of elephant grass roofs. He said, “My dream to be a supplier has totally collapsed when it came time for payment. It is hard, so hard.” The same problem is also faced by the farmers and fishermen, difficulties in payment when dealing with a big company with complicated bureaucracy when asking for cash payment. So the small producer becomes smaller and more marginal and the rich take advantage and become richer. This bitter reality encouraged Mitra Bali to implement fair trade to create a fair business climate for the producers, especially to bring justice to the smaller producers.

Briefly I can inform you about the concrete action performed by Mitra Bali in translating fair trade principles in the handicraft sector of Bali. We meet with the producers, hold workshops on design and product development, and offer the resulting products to buyers all over the world. If the buyer places an order Mitra Bali will follow up by contacting producers and making a dialog about the raw material, production capacity, and scheduling. We explain to the producer about fair trade and the buyer, which country they come from and their requirements. After this transparency dialog Mitra Bali pays a 50% deposit. Once the goods are delivered to our warehouse the balance is paid in cash. For the social activities Mitra Bali has begun a program of planting of blalu wood at Abuan village located under the shadow of Batur volcano to commemorate World Fair Trade

Day. We call this program Bali of a Thousand Blalu.

We see Mitra Bali as a melting pot and source of information about many things. When producers visit Mitra Bali there is dialog not only about business but also social, political, ecological, spiritual, and even sexual matters. We want to build the image of Mitra Bali as a good and reliable partner in all sorts of activities, not only business.

The main attention of Mitra Bali in implementing fair trade is payment and treatment of the workers in a workplace that is safe and healthy, open with fresh air. To make a sustainable order of things, Mitra Bali has established a workshop called Bengkel Kerja Fair Trade (BKFT) which has a significant function to analyze the fair price and to respond quickly to develop a new design and product when there is a sample request by the buyer. When the buyer places an order we work to train and assist the producer in the manufacturing process and ensure they understand export quality, and as a reference for establishing a safe, healthy workplace. BKFT works to ensure a steady supply of product by distributing production fairly between the producers but without resorting to in-house production, as would not benefit the small producer in the villages of Bali.

Doing fair trade is not always easy, especially the principle of sustainability as market trends change rapidly. Mitra Bali believes that to help the producers with a steady stream of orders we have to enlarge the market and has opened a local shop. We have to be active and creative in producing new designs and searching for market potential.

Conclusion

Although fair trade came from the Western countries, it can exist equally well in Bali. Fair trade is not only a guideline in business but also as a moral ethic for any organization -- government, NGO, social – to ameliorate the side effects of free trade, of killing the spirit of the producer in Bali in particular and Indonesia in general. The proponents of free trade are powerful, smart, elegant, and hospitable, and offer a tempting promise for big increases in the welfare of society. To us, free trade is a Machiavellian attempt to grab as much as possible for the few. Remember, the struggle of the fair trade movement is against unfair business relations between rich countries and poor countries. Let's wake up together our awareness and brotherhood in diversity which will disappear if hit by the tsunami of free trade! Thank you to consumers of fair trade products wherever you are on this planet.

Mr. Ismail Mat Amin: “Manufacturing and Marketing of Traditional Crafts – Malaysian Perspective”




APEC/SME SEMINAR ON SUPPORT FOR LOCAL AND COTTAGE INDUSTRIES
HANOI, VIETNAM, 22 – 23 SEPTEMBER 2006

**MANUFACTURING AND MARKETING
OF TRADITIONAL CRAFTS –
MALAYSIAN PERSPECTIVE**

PRESENTED BY
MALAYSIAN HANDICRAFT DEVELOPMENT CORPORATION
MINISTRY OF CULTURE, ARTS AND HERITAGE
MALAYSIA




Malaysian craft is a combination of
old and new elements, culture and
economy, traditional and
contemporary and form and
functionality.




DEFINATION

The craft industry is defined as ‘a group of individuals and companies involved in the design, production and/or marketing of products which display unique and distinctive characteristics of design, technique and presentation, where useful artistic and decorative objects are made completely by hand or using only simple tools, which can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, religiously and socially symbolic and significant’.




The Malaysian Government through Malaysian Handicraft Development Corporation (MHDC), an agency under the auspices of the Ministry of Culture, Arts and Heritage has taken various initiatives to ensure sustainable development of the craft industry.




Craft Scenario In Malaysia

Craft Producers by Category		
Crafts Category	No	%
Forest-Based	1,969	56.6
Textile-Based	783	22.5
Metal & Mineral-Based	279	8.0
Earthen-Based	191	5.2
Miscellaneous	268	7.7
Total	3,490	100.0




Business Profile of Craft Producers

Legal Status of Business Entity	Respondents	%
Sole proprietor	2,999	93.5
Partnership – family	101	3.1
Partnership – partners	56	1.7
Private limited	37	1.2
Cooperative	6	0.2
Limited	3	0.1
Others	6	0.2
Total	3,208	100.0

Session 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts
-Case Studies of APEC member Economies -”

Mr. Ismail Mat Amin

“Manufacturing and Marketing of Traditional Crafts – Malaysian Perspective”

Business Category by Craft Sectors - 2004

2004						
Sector	Micro	Small	Medium	Large	No.	%
Textile	605	172	6	-	783	22.5
Forestry	1,889	80	-	-	1,969	56.6
Earthen	126	52	3	-	181	5.2
Metal & Mineral	242	35	1	1	279	8.0
Others	254	14	-	-	268	7.7
Total	3,116	353	10	1	3,480	100.0

Manufacturing of Crafts

Craft Entrepreneur Development Program under MHDC initiated to boost the manufacturing of crafts. The core activities under this program as follows:-

- Satu Daerah Satu Industri (SDSI) (One District One Industry)**
- Incubator Scheme**
- Up-grading of Craft Entrepreneur**

Satu Daerah Satu Industri (SDSI) (One District One Industry)



**PROJECT SDSI - PANDANUS WEAVING/PLAITING
KG. CHERATING, KUANTAN, PAHANG.**

Satu Daerah Satu Industri (SDSI) (One District One Industry)



**PROJECT SDSI - BAMBOO
KG. PICHIN, SERIAN, SARAWAK**

Satu Daerah Satu Industri (SDSI) (One District One Industry)



**PROJECT SDSI - PAHANG HANDLOOM
KG. PULAU KELADI, PEKAN, PAHANG**

Craft Incubator Scheme



**INCUBATOR CENTRE - CERAMIC
MHDC PERAK BRANCH**

Session 3-1: "Manufacturing and Marketing of Traditional Arts and Crafts

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"Manufacturing and Marketing of Traditional Crafts – Malaysian Perspective"



Assistance to Craft Entrepreneur

- **Financial Assistance**
The Malaysian government and Banking institutions provide financial assistance to the small and medium enterprise including craft enterprise.
- **Types of Technical Assistance**
 - Product Development and Packaging
 - Marketing
 - Management i.e. accounting etc.
 - Production Orientation

Support Services for Craft Entrepreneurs

- Facilitation and Consultancy Services,
- Productivity and Quality Enhancement,
- Common Facilities Services,
- Craftsmanship and Entrepreneurship Development Services,
- Production Premises (Incubators).

MARKETING OF CRAFTS

MHDC becomes leading agency in marketing and promotion of craft. Under Marketing and Promotion Program for craft, there are 3 core activities, namely :-

- Domestic Promotion
- International Promotion
- E-Commerce

i. Domestic Promotion

National Craft Day 2006

i. Domestic Promotion

In Store Promotion At Kuala Lumpur International Airport

*Session 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts
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MARKETING OF CRAFT

.. Craft Sales

i. Domestic sales



Craft Sales by Products, 2003-2004

Products	Year			
	2004		2003	
	USD	Share (%)	USD	Share (%)
Metal & Mineral-Based	20,278,280	38.3	18,029,480	37.5
Textile-Based	16,110,723	30.5	14,584,627	30.4
Earthen-based	8,379,995	15.9	7,867,374	16.4
Forest-Based	6,409,031	12.1	6,105,586	12.7
Others	1,692,119	3.2	1,449,121	3.0
Total	52,870,148	100.0	48,036,188	100.0

Session 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts
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Ministry of Culture, Arts and Heritage

.. Craft Sales

ii. Imports and Export of Crafts



Top Ten Countries of Exports (Jan-Oct 2005)									
Textile-Based Craft Products		Forest-Based Craft Products		Earthen-Based Craft Products		Metal and Mineral-Based Craft Products		Miscellaneous Craft Products	
Country	Est. Craft Value (USD) million	Country	Est. Craft Value (USD) million	Country	Est. Craft Value (USD) million	Country	Est. Craft Value (USD) million	Country	Est. Craft Value (USD) million
USA	8.8	USA	9.6	USA	3.5	USA	5.8	United Kingdom	0.9
United Kingdom	1.5	Japan	2.5	Singapore	1.9	USA	0.2	Singapore	0.6
Germany	0.5	United Kingdom	2.2	United Kingdom	1.6	Korea	0.2	Italy	0.6
Japan	0.4	Australia	1.9	Hong Kong	1.2	Thailand	0.2	Netherlands	0.3
Netherlands	0.2	Canada	0.8	Egypt	0.8	China	0.1	China	0.3
Canada	0.2	UAE	0.5	Sweden	0.8	Latvia	0.1	Germany	0.2
Cambodia	0.2	Saudi Arabia	0.3	Japan	0.4	Switzerland	0.1	Taiwan	0.2
France	0.2	China	0.3	Australia	0.4	Japan	0.1	India	0.1
Belgium	0.2	Hong Kong	0.2	Germany	0.3	Hong Kong	0.1	USA	0
Singapore	0.2	Belgium	0.2	China	0.3	Germany	0.04	Spain	0.05

Top Ten Countries of Imports (Jan-Oct 2005)									
Textile-Based		Forest-Based		Earthen-Based		Metal-Based		Miscellaneous	
Country	Est. Craft Value (USD) million	Country	Est. Craft Value (USD) million	Country	Est. Craft Value (USD) million	Country	Est. Craft Value (USD) million	Country	Est. Craft Value (USD) million
China	1.0	China	1.6	China	0.4	China	0.6	China	1.8
Hong Kong	0.8	Poland	0.6	Japan	3.1	Hong Kong	0.2	UK	0.6
India	0.2	Indonesia	0.2	France	2.2	Singapore	0.1	Hong Kong	0.6
Bangladesh	0.1	Ukraine	0.2	USA	0.7	India	0.1	India	0.5
France	0.1	Germany	0.2	Thailand	0.6	France	0.1	Singapore	0.4
Thailand	0.1	Sweden	0.2	Indonesia	0.2	Italy	0.1	USA	0.4
Taiwan	0.1	Italy	0.1	Hong Kong	0.2	Nepal	0.1	Indonesia	0.2
Indonesia	0.1	Denmark	0.1	Korea	0.1	Ukraine	0.1	Australia	0.1
Italy	0.07	Czech Republic	0.1	Taiwan	0.1	United Kingdom	0.04	Thailand	0.03
Japan	0.07	Romania	0.09	Vietnam	0.1	Germany	0.03	France	0.03

MINISTRY of Culture, Arts
and Heritage

Market Segmentation

Market Segmentation						
Market Segments	No of Producers				Total	
	100% sold to:		Partly sold to:			
	No	%	No	%	No	%
Domestic tourists	216	3.7	1,681	28.6	1,897	32.3
International tourists	6	0.1	771	13.1	777	13.2
Local people	1,019	17.3	1,679	28.5	2,698	45.9
Company or Corporate	24	0.4	297	5.1	321	5.5
Government	4	0.1	184	3.1	188	3.2
Total	1,269	21.6	4,612	78.4	5,881	100.0

Ministry of Culture, Arts and Heritage

Channel of Selling

Channel of Selling Finished Craft Products		
Channels	Total Responses	%
Direct to customers	2,742	85
Direct to other wholesalers/distributors	1,326	41
Direct to retailers	327	10
Combination of the above channels	61	2
Total	4,456	138




Ministry of Culture, Arts and Heritage

ISSUES AND CHALLENGES

Issues and challenges exist at all levels of the craft industry. The critical issues and challenges are as follows :

- matters relating to production,
- matters relating to research and development (R&D).
- matters relating to market and marketing,
- matters relating to human resource,
- matters relating to regulatory.

*Session 3-1: “Manufacturing and Marketing of Traditional Arts and Crafts
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“Manufacturing and Marketing of Traditional Crafts – Malaysian Perspective”



Summary

Dr Hara commented that an opportunity such as this, to share experience among APEC and future APEC members might be very useful for further cooperation among economies, between academic and business sector, as well as government. It would be a very important issue for SMEs and local industries.



Welcome address at the Reception:



Mr. Izuru Kobayashi
Representative
AMEICC secretariat



Mr. Nguyen Viet Hung
Secretary
Phu Vinh Village Communist Party

Exhibition of traditional arts, crafts, village product



Day 2: 23 September, 2006 (Saturday)

Field Trip to Phu Vinh Village



Information on Phu Vinh Village (Bamboo & Rattan)

I. Overview of Phu Nghia commune

1. The geographical position

Phu Vinh village is located in the Phu Nghia commune, 3km from its center. Phu Nghia commune in turn is located in the Chuong My District, 5 km from its center, 15 km from the province center and 27 km from Ha Noi center. The national road number 6 linking Ha Noi Capital, Hoa Binh province and Northern West mountainous area also goes through Phu Nghia commune. With all these advantages, Phu Nghia plays an important geographical role politically and economically. The length of Phu Vinh commune is up to 3.5km. Phu Nghia borders:

- Tien Phuong commune, Chuong My district to the east
- Dong Phuong Yen commune, Chuong My district to the west
- Ngoc Hoa and Truong Yen communes, Chuong My district to the south
- Dong Quang commune, Quoc Oai district to the north

2. The area of Phu Nghia commune

The total area is 810.56 hectare, in which:

- Farm land is 475.8 hectare
- Land tenure is 56.9 hectare
- Land for industrial use is 54.3 hectare
- Land for irrigational and transportation use is 214.2 hectare
- Land for cultural projects is 6.2 hectare
- Spare land is 3.16 hectare

3. Population and labour of Phu Nghia commune (data updated on 31st December, 2004):

There are 2,028 households with 4,935 persons out of 9,251 in the labour age.

4. Population distribution

There are 7 villages and 10 complexes in the Phu Nghia commune, which are divided into 10 administrative hamlets. The 7 villages are Dong Tru, Nghia Hao, Khe Than, Quan Cham, Phu Huu 1, Phu Huu 2, and Phu Vinh. Phu Vinh village is divided into 4 small parts: Thuong, Ha, Go Dau and Dam Bung.

5. Households producing rattan products for export in Phu Vinh village

The households producing rattan products for export occupy 85% of the total. These households contribute to create more jobs, and to improve the living standard of the local population. At present the poor households have decreased to 5.34%, the rich households account for 37.5% and 57.16% are the medium-income households.

6. Companies, enterprises and cooperative groups in the commune

- a. Companies and enterprises: 25 companies limited, enterprises and cooperative groups of which 17 enterprises and cooperative groups take part in producing rattan and bamboo for export, 8 enterprises do business on farm produce etc.
- b. There are 15 enterprises operating in rattan and bamboo products for export.

7. Handicraft trade village development

All 7 villages in the Phu Nghia commune were recognized as “handicraft trade village” by the

People Committee of Ha Tay by October, 2004. Phu Vinh village was recognized to be a “traditional handicraft trade village” in 2000.

8. Health and education

There is one medical station located in the center of the village. There is one secondary school, primary school and one kinder garden of national standard.

II. Economic Development - Investment for Infrastructure and Handicraft Trade Village

1. Total Income of Four Years (2001- 2004) and the First Quarter of 2005

No.	Details	Unit	2001	2002	2003	2004	1st quarter of 2005
I	Total annual income	Billlion VND USD (thousand)	38.0 (2,399)	45.5 (2,873)	52.0 (3,283)	58.0 (3,662)	15.0 (947)
1	Industry	Billlion VND USD (thousand)	12.5 (789)	13.5 (852)	15.5 (978)	17.0 (1,073)	1.2 (75)
2	Small scale industry	Billlion VND USD (thousand)	17.0 (1,073)	22.5 (1,420)	26.0 (1,641)	30.5 (1,926)	9.5 (599)
3	Trade, tourism, service	Billlion VND USD (thousand)	8.5 (536)	9.5 (599)	10.5 (663)	11.5 (726)	4.3 (271)
4	Annual income per capita	Million VND USD	4.5 (284)	5.2 (328)	5.8 (366)	6.2 (391)	-

1VND=0.00006315USD (25 May, 2005: <http://www.oanda.com/convert/classic>)

The annual economic growth rate of Phu Nghia Commune is 10%. The small scale industries play an important part in the economic growth and the stable development of the commune.

2. Investment for Infrastructure in the Past Few Years

Funds for building concrete roads for the handicraft trade village for tourism development purposes was approved by the People Committee and the Tourism Department of Ha Tay province. The total funds are 1 billion VND. The length of the road to be invested in is 1km from the office of agricultural cooperative group to Phu Vinh and to the national road 6A. The investment financial

source of the commune comes from the emblem on public land and the contribution of enterprises located in the commune. The commune also invested in building the road from the national road 6A to Dong Tru and to Dam Bung, 1,274 meters in length and 4 meters in width, total investment of about 1.3 billions. Moreover, one showroom for the handicraft village was invested for the total cost of 150 million VND.

In 2004, the Industrial department of Ha Tay province signed on a project called "Combine Tourism and Handicraft Trade Village Development". The increase of the tourist numbers to Phu Nghia commune is as follows:

- Year2001: 2,300 tourists, of which 125 foreign tourists
- Year2002: 2,800 tourists, of which 175 foreign tourists
- Year2003: 3,400 tourists, of which 237 foreign tourists
- Year2004: 4,200 tourists, of which 280 foreign tourists

In the first quarter of the year 2005, there were 725 tourists, which included 47 foreign tourists.

3. The Formulation and Development Process of the Handicraft Trade Village

The Phu Vinh, rattan and bamboo handicraft trade village was born 300 years ago. The village was tossed back and forth along with Vietnamese history.

Before 1960 - the age of cooperative associations, when Phu Vinh households were active in creating different patterns and making rattan and bamboo products to sell at streets in Ha Noi for both the local people and the foreign tourists. After the establishment of handicraft cooperative associations, all the rattan and bamboo products produced in Phu Vinh were bought by the State. The production was developed dramatically. After 1986, when Phu Vinh handicraft cooperative associations were dissolved, production was limited within the household and cooperative group scale. People had to run their business themselves and received no more subsidy and protection from the government. In order to survive in the market, producers had to find partners and to look for markets for their output. Severe market competition forced the producers to produce high quality but low price products. So far the rattan and bamboo handicraft industry has developed not only in the number and quality of products but also in the number of households that participate in the production.

The demand from customers with regards to the quantity of rattan and bamboo products is increasing day by day. More and more handicraft and trade villages are recognized by the People Committee of Ha Tay province like Phu Vinh (in 2000), Quan Cham and Khe Than (in 2001), Phu

Huu 1 and Phu Huu 2 (in 2003) and the two remaining villages, Dong Tru and Nghia Hao were recognized in October, 2004.

In 2001, Ha Tay people committee and tourism department chose Phu Nghia to be the main tourism spot to be developed. Together with this decision, total investment of 30 millions VND was put into the showroom of Phu Nghia village.

III. Phu Vinh Handicraft Trade Village and Its History

1. How was the Name of Phu Vinh Born?

According to Mr. Nguyen Trong Giam, a former librarian of Phu Vinh commune, Phu Vinh used to be called Phu Hoa Trang. There is an old story that once upon a time, one of the wives of King Le Hien Tong, madam Vu Thi Phuong visited the villages. She made a donation to build village's communal house, using the local skills of traditional handicraft rattan and bamboo weaving.

Local residents collect available materials such as Giang (One kind of rattan; smaller but more elastic), Uot (another kind of rattan), Co (palm tree), to make daily products for consumer in the region and neighborhood. When the demand for rattan goods increased, the focus was shift from simple daily products to more sophisticated ones. The outstanding skills are clearly shown in the pictures of four seasons and four supernatural creatures made of rattan and bamboo.

Phu Vinh used to be called Phu Hoa Trang. However, it was officially renamed to Phu Vinh when the new province chief, Mr. Thuong Chay, was inaugurated. He explained that Hoa, meaning flower, would not remain long but Vinh would sound long-life fame and remain forever. Phu Vinh integrated Phu Huu 1 and Phu Huu 2, together with two sub-villages in the Phu Nghia Commune.

The word "Phu" which is included in all the villages names represents a beautiful meaning, good fortune. "Vinh" means "Glory", "Phu" means "Rich", "Nghia" means "Righteousness" and "Huu" means "To have all things". Among the villages in Phu Nghia commune, Phu Vinh is the center with the largest number of skilled workers and artisans of traditional rattan handicraft and bamboo weaving.

The traditional handicraft has been developed since 18th century. Many trade fairs were initiated by the Kings and the person with rewarded product would be honoured in the communal house of the village. In 1712, there were 8 artisans presented with the award of *cửu phẩm* (They were recognized as the head-masters of the traditional handicraft village):

Nguyễn Văn Luận

Cửu Mai

Nguyễn Trọng Trí

Trần Văn Giải

Nguyễn Văn Sắc

Cửu Tân

Trần Văn Thạnh

Cửu Lăng

2. Current Situation of Phu Vinh Handicraft Trade Village

Phu Vinh has become the most attractive place in Phu Nghia commune for visitors of handicraft trade village tours. Tourists coming to Phu Vinh are attracted by the history of over three centuries of traditional rattan handicraft and bamboo weaving. Nowadays, thanks to modern technologies for raw material processing, skills and techniques of the traditional handicraft are more enhanced and improved. Phu Vinh village is administratively divided into four hamlets: Dam Bung, Go Dau, Ha and Thuong. As the traditional handicraft has employed 99% of 605 households in the village, tourists coming to the village show great interests in the introduction on the handicraft industry from local residents who are all the time busy weaving products.

However, there are some problems which need to be considered. In many families, artisans do not teach the non-family members or people from other villages. Outsiders could learn some techniques but only basics skills of the handicraft weaving. Thus the workers in the villages dare not to take high volumes of orders from buyers, especially during the harvest season because of a lack of the skilled workers.

3. Biographies and Stories of Artisans in Phu Vinh Village

3.1 Nguyen Van Trung, Artisan (visiting his house in the field trip)

Mr. Trung, 48 year olds, has received many certificates, degrees and awards from both domestic and international organizations, such as the Certificate of Golden Hand presented by the Union of Vietnam co-operatives, the prize of Sophisticated Handicraft Skills presented



by JICA, Japan. Now he is the most famous and prestigious artisan in Phu Vinh. In 1980, at the age of 24, Mr. Trung took an industrial art course. This talented man was chosen to travel to Cuba for further study on processing plants for handicraft production. He was selected to be the chief technician of Phu Vinh traditional rattan handicraft and bamboo weaving co-operative and he played a very important role in exporting art products to former eastern bloc nations and now to Taiwan, Japan and France. The most attractive product in his house is the Portrait of President Ho Chi Minh woven by rattan which is hung at the most respectful place of his house. Although he is physically disabled, he always keeps the words of President Ho Chi Minh: "disabled but still of benefit for the society".

Mr. Trung has traveled to and joined in many exhibitions in Cuba, Russian, France, Japan and Canada to introduce Phu Vinh's traditional handicraft products. Through him, people around the world get to know and understand more about Vietnam, the artisans and skillful workers of Vietnam. In 2004, Mr Trung received more than 50 groups of tourists who visited his family workshop. He and some other artisans in the village traveled to other villages like Hai Duong, Phu Tho, Tuyen Quang to teach the locals rattan and bamboo weaving. His partners now refer to him affectionately as the "Artisan of the village".

He said the ancestor of the handicraft in Phu Vinh was a resident in Thang Long (one of the old name of Ha Noi Capital). However he was fined while being an official and he then escaped to Phu Vinh and learned the traditional handicraft. He also said Mr. Nguyen Van Xoi, the father of Mr Nguyen Van Luan who used to be a ninth grade of mandarin system, was a talented worker of the traditional rattan handicraft and bamboo weaving in the village. Mr. Xoi traveled to China and won the prize of the most beautiful and skillful handicraft products. He also learned much experience from China to spread to the locals in Phu Vinh. Mr. Xoi was considered the ancestor of the Phu Vinh traditional handicraft village.

The handicraft workshop of Mr. Trung is one of the most successful workshops in the village. The total revenue of the year 2004 was approximately 400 millions VND, increased 20% in comparison with the revenue of the year 2003. Income per worker for each month is from 600,000 to 1 million VND. So the rattan and bamboo weaving is a good job for the locals. On the one hand, the salary can support their living expenses; on the other hand the workers can maintain the traditional handicraft inherited from the ancestors.

3.2 Nguyen Trong Tan, Artisan (not included in the field trip)

Mr. Tan was born in 1919 and his business is now run by his son, Mr. Nguyen Trong Tuan.



Mr. Tan has been with the traditional handicraft of bamboo and rattan weaving for 73 years. The latest product he introduced to an exhibition is the "Long Ban" (Bamboo dish-cover). This product was made in one month and was highlighted and appreciated by visitors.

His decorative and sophisticated hand-made products are not only presented in the national exhibition but also in the international trade fair such as Macxey in France.

Through such shows, exhibitions and trade fairs, Mr. Tan has achieved many precious awards: gold medals 02; silver medals 02 and bronze medal 01. The products, at the moment, are sold to trading companies and their designs are produced by orders from import-export companies located close to the Phu Vinh villages and on the way Ha Noi.

For the domestic consumers, Mr. Tan takes samples from plastic, ceramic, glass items in the supermarket as reference for his hand-made rattan bamboo weaving products.

Mr. Tan and his son are very interested in designing souvenir products for tourists who come to see the traditional rattan handicraft and bamboo weavings in Phu Vinh. However they have not launched the scheme for this system because of the small number of visitors. They mentioned that tour operators in Vietnam, especially in Ha Noi and Ha Tay should pay more attention to conduct tours to Phu Vinh and inspire the tourists about the cultures and traditional handicraft in the village. His son, Mr. Tuan, is now seeking responsible and well known tourist companies to combine tourism with his handicraft village.



3.3 Nguyen Van Tinh, Artisan (not included in the fieldtrip)

Mr Tinh was born in 1963. He began weaving when he was 10 years old. His father was also an artisan who had the chance to meet President Ho Chi Minh in 1962 when the President paid a visit to Phu Vinh. His two sons inherited the traditional rattan handicraft and bamboo weaving. One of them is in the military service.

He now focuses on creating designs and his products which are sold directly to both domestic and foreign end-users. Therefore his output volume is low in comparison with other businesses.

One of the products that he likes best is the rattan dish cover made in 1987 for the art purpose, not

for economic purpose. He also received the gold prize in 1987 for this product. He still keeps it as a sweet memory.

He and other artisans opened some classes to spread the traditional rattan handicraft and bamboo weaving to other workers who are interested.

Map of Phu Vinh Village



Pictures from Phu Vinh Village



Family business



An artisan playing his hand-made flute



A small boy, already skilled in the craft



Finished products

Exporting SME near Phu Vinh Village

HALINH RATTAN & BAMBOO CO., LTD.

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Tel: +84-34-868671 / Fax: +84-34-868670 / E-mail: ra@hn.vnn.vn / rattanvina@fpt.vn
Website: www.rattanvina.com.vn

Dear Lady and Gentlemen,

1. Company Profile

Established in 1995, we, Halinh Rattan & Bamboo Enterprise (now is Halinh Rattan & Bamboo Co., Ltd.), have rich experience with long time doing business in the field of bamboo, rattan and sea-grass products.

Currently, we are a leading company in handicraft industry in Vietnam with 150 official employees and over 30 satellites (sub-manufacturers) which can meet very big orders from markets.

We are now concentrating on diversifying our products and models in order to satisfy all customers' requirements all over the world and we wish to set up and co-operate long-term business relationship with all concerns.

Total area:	15,000m ² (in which Factory's area: 3,500m ²)
Production Capacity:	15 to 20 container 40'/month (Depending on the models in production)
Markets:	EU, USA, Japan, Australia...
Yearly turn over:	About 2 million dollar

2. Process of Production

In Vietnam, there are a lot of traditional villages making handicraft, we have satellites there to help us implement our orders. These satellites, with a lot of professional employees, are responsible for outwork process. We then collect semi-products from our satellites and complete products following our standard and deliver to customers.

Products to be exported



Wrap-up Group Discussion

The participants were divided into 5 groups (10 in each). A general guideline as follows was given to initiate the discussion:

- Having participated in the seminar, learning new information, and having joined the field trip, how do you think the situation at Phu Vinh Village can be further developed? What are your ideas?
- What is the situation in your own economy? What lessons have you learned, or ideas can be shared, and what actions can or will be taken?



Group 1

The topic of discussion in this group was diverse, including the following:

- The importance of market orientation – what products to make, fair taxes to market; of awareness and organization of producers; of government support especially in the handicraft development and one that reaches the local level; of training and technology development.
- The social environment of handicraft also needs to be addressed. More certification is necessary, to encourage the producers to be socially and environmentally responsible.
- The lessons they have gained from the seminar are: increased understanding in the differences in our economies; beneficial case studies; valuable lessons especially from Japan and Thailand; the approach and how to bring to market such as using the net or fair-trade etc.

Group 2

- This group discussed further on the subject of OVOP initiated in Japan. OVOP has been promoted in Thailand as OTOP, and it was discussed that it should also be promoted in other Asia Pacific regions.
- It was also agreed that Entrepreneurship education with IT is very important.
- Further, it was pointed out that through talking, networking, and meeting many new people, the seminar provides an opportunity to increase our understanding and know-how. Through our interaction, even if it is a small thing, we learn something new and deepen our understanding of another economy.
- This group also proposed to set up a proposal to APEC to have personnel training in Thailand and to have OVOP in other countries, such as Papua New Guinea.

Group 3

- This group discussed about OVOP, OTOP and Road stations, and contemplated what can be done next, and how it can be applied to other countries, especially in Lao PDR.
- They proposed one idea that a Road Side station along the WEC should be developed. This group expressed their intention to submit a proposal to the WEC Working Group to implement a Feasibility Study of how to set up a Roadside station in the WEC and Lao PDR.

Group 4

This group discussed the information gained at the seminar. As a conclusion, the group commented that:

- From the seminar, the importance of promoting coordination among economies to work on OTOP project - from exchange of expertise on production, import-export among one another and adopt OTOP management model, and link government projects with OTOP.

It was commented in respect to the field trip, in Myanmar, they have many similar materials but lack the skill for designing and marketing etc, so they will benefit from an OVOP project that provides training in this field.

- From the field trip, the group discussed that technology transfer with IT is important, to be able to bring in new information and technology. They also discussed about the aspects of actual business coordination between Vietnam and other countries
- The importance of having a systematic way of promoting handmade products, both in production and export was also discussed.

Group 5

This group discussed the following points.

- As problems:
 1. Design: rural villages can not provide good designs because of low education, not enough creativity, and no opportunity to participate in fair trade
 2. The main problem is marketing, not knowing enough, for example how to package, or the price always being higher than products made in China, or distribution, promotion, exporting, display and information.
 3. Inadequate infrastructure in the rural area
 4. Rural exodus - rural immigration to the city
- As solutions:
 1. Enhance institutional structure to support villagers: training/design, how to produce low cost products, organize award system to encourage design development
 2. Develop infrastructure for access to market - this will decrease the gap
 3. Improve distribution channels: the government/authority should think about how the village products can arrive at markets more easily.



Wrap-up & closing remarks



Dr Yonosuke Hara
Chairman of the Board, Asia SEED



Mr. Michinori Hirota
Assistant Director, APEC Office
METI

Summary of the two-day seminar outcomes

Dr. Hara gave a summary & wrap-up comments regarding the two day seminar.

OVOP is a useful gateway or framework to promote village handicraft development, but since the situation differs in each region, the following two issues are the key to success:

- **Dialogue among economies**

It is very useful to share experience among APEC and ASEAN members regarding the development of SMEs and local industries. This might accelerate further cooperation among economies and also among the academic and business sector, and government.

The seminar was a good first step, but continuation is the key.

- **Self efforts in each economy**

While cooperation among economies with sufficient dialogue is important, it should be recognized that it is crucial for each economy to analyze its own situation, discuss development strategy and make self efforts to realize it.

Seminar Official Website

<http://www.asiaseed.org/apec2006sme/>



All presentation files are available for download.

This seminar was implemented jointly with
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This report was prepared by Asia SEED

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