Survey of Handicrafts Exporters in Northern Vietnam

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Handicrafts exporters in northern Vietnam

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I. Introduction

1. Objectives and Coverage
- Mapping out the key distinguishing features of the export network
- Identifying the key activities which the export network carries out, in order to procure and ship the handicrafts it deals in, with particular reference to supporting services of all kinds provided (ultimately) to small-scale producers
- Identifying ways in which future project interventions could enhance and improve these supporting services, promote innovative services and assist exporters to identify new and larger markets in sustainable ways

2. Timeline

The survey team spent 4 months compiling the report from January through April 2003.

January through February 2003: Information was gathered and questionnaire was drafted and sent out.

March 2003: Questionnaire feedback was processed and personal interviews conducted.

April 2003: Report was compiled and finalized.

3. Methodology and approaches
- The study area covers northern provinces of Vietnam.
- The study covers shops and professional exporters including private and state - owned enterprises
- The study covers the following products: (1) bamboo and rattan, rush, seagrass, (2) silk and embroidery, (3) ceramics and porcelain.
- The survey team sent out questions to 23 handicraft businesses including 6 export companies, 11 production companies and 6 shops. These businesses were selected from a list of more than 100 businesses in the north of Vietnam. These businesses are based in
Hanoi, Ha Tay and Hai Duong provinces. Based on the feedback from these businesses, the team conducted interviews in person with directors of these businesses or their deputies. Please note that all the interviews took the form of comfortable, informal talks where the interviewees were encouraged to speak out the truth, even though some facts they talked about may be sensitive. Due to similarities in their feedback, the survey team only picked 11 businesses to conduct the interviews. (2 export companies: Artex Thang Long, Artexport; 8 production companies: Van Anh Bamboo and Rattan, Huyen Anh Embroidery and Bead, Barotex, Phu Nghia Baroproduct, VQS Co., ltd., Artex Tien Dong, Dong Phuong Yen Co., ltd., and Hong Duong Bamboo and Rattan Export; and 2 shops: Ipa-Nima and Ha Linh Rattan and Bamboo.)

II. Handicrafts exporters in northern Vietnam

The export network in northern Vietnam includes various players. They can be companies, shops or individuals. In this report, we shall look at the companies and shops as they account for most of the exports. We shall divide these into 3 categories: 1) export companies; 2) production companies; and 3) shops.

1. Export Companies

1.1. Features

These companies are specialized in exporting and not in producing handicraft, although they may have their own workshop(s). Examples of these companies include Artex Thang Long, Artexport, Haprosimex.

Most of these companies have many years of experience in exporting handicraft. They have huge financial resources, either their own money or easy access to bank loans as they have built good relations with banks.

These companies also have a long-term market/development strategy. They can, and often, handle large orders. They are capable of supporting an entire craft village or even the whole region.

These companies do own workshop(s) but the workshops are used for assembling the final products rather than producing the details of a product. (See more in 1.2. Production).

The workforce of these companies varies between 50 and 150 depending on the size of each individual company.
1.2. Production

As mentioned in 1.1. Features, these companies are not specialized in producing the products. Thus when they have an order, usually a large one, they would subcontract to their network of producers who then would organize the actual production. The subcontracted items may not necessarily be complete products but, more often than not, are separate details of a product. For many reasons, the export companies want to assemble the final products themselves rather than let anyone else do it.

The subcontractors can either be professional producers or small-scale producers who are specialized in organizing the production of handicrafts.

Professional producers have their own workshops where workers come in and produce the handicraft. They would maintain a “core” workforce, i.e. permanent workers, of 40 – 50, and a network of household producers.

The wage of permanent workers varies from 500,000 dong ($32) to 700,000 dong ($45) a month. The non-permanent workers or household workers earn on average 400,000 dong ($30) each a month but this income is not stable all year round.

Small-scale producers have a workforce of 10 – 15 who, unlike the permanent workers of professional producers, may not necessarily have stable income from producing handicraft.

(See 2. Production Companies for more details on small-scale producers and household workers).

1.3. Trading

Export companies have experience in foreign markets. They tend to have fairly regular customers/importers. The orders may come in one of the following ways:

- Importers give design and criteria of a product and the export companies take the design to their workshop(s) and/or producers. Importers may also give the sample product, but this is not often the case.

- The export companies make their own designs and sample products, then market them to importers. Importers would choose from a shopping list and place orders.

- The export companies can also act as a kind of middlemen between the producers and the importers of handicraft. This is when the producers produce a complete product and take it to the export companies for sale. The export companies then would market the product and when they find a big client, they would place an order with the producers. Again, this is not often the case.
1.4. Support to producers

In the first approach, the export companies want to have the final control on the products for several reasons: design, copyright, business secret, uniform quality.

In this approach, the export companies provide the design and training to producers to help them make the different parts of a product. Often, the trainers have to go down to the villages or workshops of professional producers to teach workers there the necessary skills to make an item. The export companies cover all the expenses of this activity.

Besides design and training, the export companies may also provide, or recommend, raw materials to producers. The issue of supply of raw materials is very important as a recent report shows that Vietnam is facing serious shortages of raw materials for handicraft production. (See more in III.1.4. Lack of raw materials).

In some cases, the export companies may also make an advance payment (varying from 30% to 70% of the total value of the contract depending on individual contract and on the policy of individual company) to the producers.

Some big export companies may organize trips to handicraft trade fair for their loyal producers. (Some kind of cost-sharing is involved.)

1.5. Services needed

- E-commerce: advertisement, websites, payment on the internet.

- Design:
The biggest challenge to Vietnamese handicraft export, as identified by several directors of export companies, is design. The repertoire of designs of Vietnamese handicraft producers/exporters is way too small compared to that of their Chinese competitors. And more new designs means more exports.

Another problem with design is violation of design copyright. A new design is quickly copied and replicated in an unchecked manner while the cost of putting out a design is relatively higher than in, say, China.

- Making samples: Making samples is costly, especially with sophisticated products, because the cost of producing one single item is much higher than the unit price of a mass-produced item. Not many export companies in Vietnam can afford to have a workshop that makes samples of their products.

- The technical requirements in some markets: Importers in certain markets require a non-child labor or environment-friendly certificate for handicraft imports. This is very difficult for Vietnamese exporters since many handicraft
can be, and actually are, made by children who participate in the easier parts of the process of making a finished product. They can help their parents do certain things, say, dry the materials in the sun, after school.

2. Production Companies

2.1. Features

These companies are more specialized in production than exporting. However they do export a significant proportion of handicraft.

Their export volume is not as big as that of Export companies but it is increasing. These companies do not have as many orders from abroad as Export companies.

Production companies vary in size. Some can be big with a permanent work force of as many as 100 and a network of several craft villages. Others can be fairly small with only about 10 - 15 people on permanent payroll. These are referred to in this report as small-scale producers.

Since these companies vary in size, their financial capacity varies too.

What all these companies have in common is they started up as producers for export companies or shops and in the process, they begin to have customers abroad to whom they can export their products directly.

These companies tend to be younger than export companies, the latter mostly dating back to the command-economy time 30 years ago. In fact, most of production companies were founded after the doi moi policy was launched in 1986 and are private-owned.

Many of these companies have a long-term market/development strategy.

2.2. Production

Production companies get orders from a) export companies; b) foreign importers; and c) shops.

When they have an order, they have the items made by their permanent workers and small-scale producers and household producers in craft villages. Like in the case of export companies mentioned in 1.2., some production companies may want to have the final products assembled in their workshops by their permanent workers for fear of the design being stolen.

The reason why most production companies need to develop and maintain a network of small-scale producers and household producers apart from their permanent work force lies in the nature of the handicraft themselves. Handicraft production is labor-intensive. All orders require a limited time so a large number of workers are required to work on an order. But the orders are
not highly predictable or regular so production companies cannot afford to have a large permanent workforce. Therefore, the best solution is to maintain a relatively small permanent workforce and develop a network of non-permanent producers who are mostly farmers in villages. 

The irony is the wages of permanent workers (600,000 dong ($39)) are higher than the wages of non-permanent producers (300,000 dong – 400,000 dong ($19 - $26). The farmers have to accept those wages because they have no choice. Work and income are big problems in the countryside. However, as non-permanent workers, they have more flexibility in working with more than one company. By working for more than one company, farmers somehow can get more work to do in their “free time” (i.e. between crops) but their job of making handicraft items for production companies is far from steady as often times, many orders (from different companies) come at the same time.

2.3. Trading 

Production companies have fewer and smaller importers than export companies since they are newcomers in the business. Therefore, unlike in the case with export companies, very rarely do importers give design to production companies to have the product mass-produced.

Thus the chief way in which production companies get their orders from foreign importers is they make the design and sample and then market them to customers. The importers would pick a product and place an order. But this in no way means production companies have a professional designer team. The number of designs and samples they can put out is very limited. (See more in III.1.1. Design)

2.4. Support to producers

Production companies provides a wide range of support to small-scale producers and household producers.

The companies provide farmers, free of charge, with the training, especially when working on a new product.

In many cases, they also make an advance payment to producers (normally 30% of the total value of the contract, please note that this number is smaller than that offered by export companies because the latter are financially more powerful).

Some production companies even devise a long-term development strategy which includes helping an entire village or region shift to producing handicraft from farm/field work. Farmers in many villages are seeing the wealth gap between them and city people widening fast simply because farm work cannot bring as high income as industrial and service jobs do. So they have
to look for ways to get out of that situation. One way is to move to the city to find work. But this is no longer a good option as all major cities are overcrowded. Therefore they have to shift to other jobs than farm work in the countryside. Making handicraft seems to be a good option now. A number of villages in northern Vietnam have seen their economy shift from mainly agricultural production to handicraft production in this way. Production companies send down skill workers or experts to live with the villagers and train them the necessary skills. When the villagers are good at the job, they are given work which generates income to do.

2.5. Services needed

- E-commerce: website creation and maintenance, advertisement, e-payment.
- International trading skills: experience in dealing with foreign importers, knowledge of trade rules
- Information about foreign markets
- Loans
- Modern equipment for production

Case study 1

Van Anh Bamboo and Rattan Enterprise

Van Anh is one of the largest businesses in Hai Duong and makes a very wide range of products including furniture, table mats, baskets and boxes. The company uses local products such as bamboo, rattan, seagrass and fern in combination with wrought iron frames. There are workshops and showroom on Highway No 5, and the company has a brochure, website and email address. Production is geared towards export, particularly to Japan, although products similar to those produced by Van Anh are sold in shops in Hanoi. The goods sold to tourists are almost identical to those made in Hai Duong, the main difference being finished details (e.g. metal knobs on rough edges, decorative straps)

Typology of key actors and their function in production in Van Anh business

1. Workforce

   **Workers**: All workers in Van Anh come from Hai Duong province and neighboring provinces such as Hung Yen, Thai Binh.

   Female workers in Van Anh enterprise occupy 90% of the workforce and could be divided into two types: skilled and seasonal.
The skilled workers are trained for 3 or 4 years before they can be employed. They have a lot experience in making bamboo and rattan products and are certainly paid higher than seasonal workers. These workers are regularly offered jobs by the motivated owner, therefore their incomes are stable.

The seasonal workers come from the countryside when their harvest finishes and/or when Van Anh has an order with large quantities of product. In this case, they will be requested to work in night time. Unlike skilled workers, these workers don’t have much experience. They often do the primitive and simple jobs in the chain of production hence they are paid lower than skilled workers.

Household in craft villages: when Van Anh has a big order and its workers cannot complete in time, the owner could ask her other businesses who have relations with craft villages in Hai Duong or in neighboring provinces to help produce part of the order. There are a lot of householders that are well versed in making bamboo and rattan products in these villages. In normal time, they make their own products and sell to market.

Apprentices: there are always 15 apprentices in this business. They are trained 2 months before being employed. During the training course, they are also paid a small wage.

Constraints:
- Workers have few opportunities of training to raise productivity.
- Workers lack new technical knowledge to improve the quality of products.

2. Raw materials

Type 1: Half of Van Anh’s materials are supplied by orderers. This can be explained that the orderers want their products to have good quality. They acquire the materials from provinces like Hai Duong, Ha Tay and Thai Binh. They choose the best quality materials and transport them to Van Anh business. In this case, it doesn’t take Van Anh time to buy materials but of course its profit shall be lower.

Type 2: The other half of Van Anh’s materials come from local suppliers. The owner of Van Anh has wide relations with suppliers in Hai Duong as well in neighboring provinces. In case Van Anh is ordered with large quantities of product, these suppliers can mobilize the required quantity in a short time, but it could be said that the quality is not as good as type 1.

With a very large supplying network, Van Anh rarely lacks raw materials.

Constraints:
- Van Anh does not have enough space for storehouses.
- Raw materials are seasonal.

3. Designers:

Most of Van Anh’s designs come from orderers. The exporters know the demands of customers and they directly come to Van Anh and ask the owner to make the products to the requirements of the design. This is the reason why Van Anh doesn’t have professional designers.
All staffs in the Business Department and also the owner are designers themselves. With computer and English literacy, they can learn the design from magazines, the internet and/or from the artisans. They sometimes participate in some training courses run by VCCI or other NGOs and they can enhance their knowledge of designing work.

The owner has relations with artisans in craft villages. These people make new designs with their experience and traditional styles they learned from their forefathers.

**Constraints:**
- Inadequate knowledge of design work
- Difficulty in getting technology
- Lack of professional designers

### 4. Marketing:

The owner of Van Anh business doesn’t pay much attention to marketing so there is no marketing department in this business.

All the orders which Van Anh gets are from middlemen and Van Anh’s production is geared towards the orders.

Van Anh has its own website but no contract has been generated from the use of the website.

The marketing staffs don’t have much experience.

**Constraints:**
- Lack of ability to do marketing/ open market.
- Difficulty finding direct buyers.
- Inadequate chances for being trained professionally.

### Case study 2

**Huyen Anh Embroidery and Bead Product Enterprise**

Huyen Anh is one of the newly established enterprises in Hai Duong but the owner has been making this type of products many years. The enterprise makes embroidery products such as table cloths, napkins, baby clothes and handbags. Products are sold to shops in Hanoi and geared towards export to China, Russia and South Korea. Huyen Anh has signed some contracts with Export companies in Hanoi who provide some kinds of ornaments that are used to stretch a fabric.

Huyen Anh started up as a family company through marriage or friendship ties and is now widening its production scale and looking for new markets. However this enterprise has not yet been popularised to domestic and oversea customers.
**Typology of key actors and their function in production in Huyen Anh business**

1. Workforce

Huyen Anh’s workers come from Hai Duong and neighboring provinces. 95% of them are female. They can be divided into two groups: skilled and seasonal.

**All the skilled workers** are members of the owner’s family and relatives. They have been doing embroidery work for many years and have accumulated a lot of experience. Almost all the main jobs in the production chain is done by these workers, therefore they are paid much higher than seasonal workers.

**Seasonal workers** come from craft villages in Hai Duong or in neighboring provinces like Ninh Binh and Ha Tay. They also are skillful but not as good as skilled workers and are not offered regular jobs. The jobs which are offered to workers are based on the orders from export companies in Hanoi or sometimes from middlemen.

When Huyen Anh has a large order, the owner comes to craft villages and ask workers to work and when Huyen Anh doesn’t have orders, these workers work for other businesses or are jobless. Therefore, they are paid lower than skilled workers and their income are unstable.

**Households in craft villages:** There are many households in craft villages which have relation with Huyen Anh and/or other businesses in Hai Duong. When they complete an order with Huyen Anh, they can start work with other embroidery businesses. These households are very skillful and experienced. In daily time, they make their own products and sell to market.

**Apprentices:** There are sometimes apprentices in this business. They are trained but not to be employed by this business.

**Constraints:**

- Unstable labor source (Seasonal workers work for other businesses)
- A lack of new technology and knowledge and/or information of handicraft market at home and abroad.
- Workers have few opportunities of training to raise productivity.

2. Raw materials

**Type 1: Domestic materials:** This type of raw materials for embroidery products is supplied by Minh Khai thread factory, Thang Loi textile company and sometimes by local markets. These resources are stable and quite suitable to Huyen Anh.

The bead raw materials is supplied by private businesses in Hanoi and/or by orderers but these sources are not stable so the company owner has to look for many bead materials sources through her friends in the north of Vietnam.
Type 2: Imported raw materials: The materials for bead goods are not readily available in Vietnam. There are only one or two suppliers in Hanoi who, in turn, import this kind of materials from China. So the price or quantity of Huyen Anh’s bead products depends on them. These suppliers can raise or lower the price and even stop supplying for a short time to raise the price as high as they want. According to Huyen Anh’s owner, she knows that the quality of bead materials doesn’t satisfy producers and buyers but she has no other choices.

Constraints:

- The color of raw materials is not diversified and doesn’t satisfy the demands of buyers.
- There are two few bead materials suppliers so it’s hard to know if the price is reasonable or not.
- The quality of bead materials is low.

3. Designers:

The owner’s husband is a designer himself. 50% of products are his designs and other 50% are designed by the orderers.

The designer of Huyen Anh has never graduated or participated in any training course on design. He himself draws and makes designs as he imagines or copies them from magazines. He has no relation with artisans in craft villages so his designs are not traditional style. Almost all his designs are made by hand so it takes him a long time to design even one model.

Not having knowledge in using computer is a disadvantage of the designer.

The shop owners in Hanoi know well the preferences of the buyers, especially the foreign tourists. They send the colored pictures or drawings to Huyen Anh which the designer shall base on and create new designs.

The owner of Huyen Anh now is paying attention to employing skillful designers or hire designers in Fine Art College when the company has big orders.

The owner of Huyen Anh wishes to send staffs to participate in training courses organised by VCCI or other NGOs.

Constraints:

- Inadequate design technology.
- Lack of professional designers.
- Lack of IT knowledge.

4. Marketing staffs:
The marketing work in this enterprise doesn’t run well. Its products are not known to even people in Hai Duong city. This business doesn’t have any marketing methods even though the owner and her daughter who is the key person in Huyen Anh had taken part in one training course on marketing run by Asia – Urbs project in Hai Duong.

According to the owner, the skilled workers might do the marketing job. They introduce their products to many shops that they think embroidery and bead products might sell well. But in fact, their amount of products sold in shops are small. 90% products of Huyen Anh are exported through middlemen. (They are aware of the difference in profits between exporting directly and through middleman).

The owner is now aware that the lack of marketing staff is a disadvantage of her business and she is starting to recruit marketing staff.

Huyen Anh doesn’t have its own website or email address and the owner does not seem notice the importance of that matter.

**Constraints:**

- Lack of professional marketing staffs.
- Inadequate ability to open its own market or find buyers.
- Lack of opportunities to attend training courses due to the condition in Hai Duong.

### 3. Shops

#### 3.1. Features

All handicraft shops are located in Hanoi. The shops sell a wide range of handicraft, from embroidery to lacquer wares, rattan, porcelain, statues etc.

Most of these shops sell to individual customers. Not many of them are capable of taking big orders.

Their financial resources are more limited than the companies. Some shops have company status and others operate on a family basis. These shops do not employ many people. Even the largest workforce is less than 10 assistants.

Most shop assistants are young women and they can speak a little English or French or some other foreign languages. But their foreign language skills are just enough, hopefully, to sell items to individual foreign customers.
Unlike production companies and export companies, shops attach great importance to their location, decoration and layout. A significant proportion of a shop’s total investment goes to these things.

Shops generally do not have a long-term, systematic strategy for exports although they do make some efforts to look for market information in foreign countries. But even these efforts are mostly restricted to the internet only.

3.2. Production

Generally, shops do not have their own workshops largely due to the modest scale of their business. Therefore, they are not so much involved in direct production of handicraft as production companies and export companies.

Shops acquire handicraft in two ways: a) through middlemen; b) from small-scale producers and/or household producers.

**Middlemen:** These people collect the products from the craft villages in and around Hanoi. Middlemen are often times families in the craft villages who have good reputation in a craft or who are financially powerful or both. They would have villagers or artisans produce parts of a product or a finished product and supply the finished products to the shops in Hanoi.

Middlemen cannot be as effective as production companies in working on large orders. In fact, shops rarely place large orders unless they have foreign importers who want them to do so, which, again is rare too.

**Small-scale producers/Household producers:** These producers are contracted by shops to provide finished products. The shops may come to the producers with the design and ask them to make the product. Or Shop owners may visit producers and see if there are any new products that may sell well on the market. Or producers may come to the shops with a new product and persuade them to sell it on a trial basis. In either case, if shops decide a product sells well, they would place an order with the producers.

3.3. Trading

Shops sell to a) individuals; and b) foreign importers.

**Individuals:** Most of the customers of shops are foreign visitors who shop as individuals. Shops’ sale depends largely on the number of foreign tourists. The tourists buy the handicraft as souvenirs, therefore, the items cannot cost too much. This is a big difference from production companies or export companies which can sell expensive items such as fashion items or house decorative items.

Shops can also sell to individuals abroad. But the orders from these individuals are only for one or two items. Certainly they have to pay shipping costs.
As mentioned in 3.1. Features, the success of a shop not only depends on the handicraft themselves, but also a great deal on the location, decoration and layout of the shop and the performance of its assistants, in which language plays an important part.

**Foreign importers:** Some foreign importers get to know certain shops by way of friends, the internet, or visits to Hanoi. So some shops may get orders from foreign importers. But these orders are relatively small and irregular due to the scale of shops. If importers want to make a large order, they would go to export companies or production companies.

3.4. **Support to producers**

Compared to export companies and production companies, shops provide very limited support to producers.

The most significant support for producers is work. If shops place an order, the producers have work and hence income.

Shops may also provide design, but this is very limited. (See more in 3.5. **Services needed**).

Shops may make an advance payment to producers, but this is much less common than is the case of export companies and production companies.

A small number of shops may provide, free of charge, training services for village workers.

3.5. **Services needed**

- Design: Design is a big problem. Very few shops make their own designs because design making is costly and difficult. They mostly ‘acquire’ the design by way of pirating or the internet.
- Transports
- Advertising
- E-commerce
- Trade-mark/Registration
III. Issues and Suggestions

1. Problems of Exporters

1.1. Design

The Vietnamese handicraft industry needs to move in the direction of catering to customers’ need rather than producing what are considered Vietnam’s traditional products or specialties. Central to catering to customers’ need is design. But design seems to be the biggest problem of exporters. Generally very few companies have their own designers and the number of new designs put out by these companies is relatively small. Large exporters such as export companies and some big production companies do have one or two designers on their pay roll but again, they cannot make many new designs and samples.

The most common way of acquiring new designs, especially among smaller production companies and shops, is by way of piracy.

There are a couple of reasons for the design problem.

First, given their size, it is costly for these companies to maintain a design team.

Second, the role of designers has not been appropriately recognized. It is still a common thinking among handicraft company directors that designers do not play a crucial role in the production process. It is generally thought that labor and materials account for most of the value of the product. Besides, some good designs can be acquired for free (i.e. by way of piracy) so they do not see a point in employing expensive designers. Therefore, they will employ (more) designers only if they see a brighter prospective for their companies. Very few see the matter the other way round, i.e. having good designers will bring more opportunities to a company.

In fact, many successful handicraft businesses now rely on their designers as the crucial factor for their development and success. These businesses are seeing handicraft as more related to the fashion industry than traditional, slow-changing specialties of a particular parts of the world. This approach means it is creativity or design that accounts for the most of the value of a product, not labor or raw materials. (Ipa-Nima is a good example).

Third, art schools don’t put out many good designers. In fact, handicraft designing is not a subject taught in art schools in Vietnam. Although art school authorities in Hanoi and Ho Chi Minh city say their graduates can
make handicraft designs and samples, they however admit that their school curriculum (for a course of 5 years), does not include any teaching or training on handicraft designing specifically. It turns out, from talks with school authorities and graduates, that the best students can make good designs in many things, including handicraft. But if a student or graduate can make decent designs in handicraft, it is not because he or she learnt it from school, but rather, because he or she is a good designer with creativity.

Every year, art schools in Hanoi and Ho Chi Minh city provide about 250 graduate designers who school authorities say can make handicraft designs and samples. (Please note that the total of art school graduates is higher). But both school authorities and ex-art students say not many of these graduate designers can make good handicraft designs.

Some art school graduates have started up their own handicraft business with design as the most important factor in the production of a product. But many of them are quickly discouraged by the current rate of piracy. This adds one more reason for companies who do not want to employ a professional team of designers: If they employ expensive designers, they may be investing for many free-riders to benefit by stealing their designs.

Fourth, The reason why handicraft designing is not included in the curriculum of art schools is the market for it is very small, in the assessment of school authorities. Even good designers find it difficult to get a job so they don’t have the conditions to improve their talent and skills. Put differently, it is a vicious circle of “no market – no employment by companies - no good designers - no preferable product – no job – no market”.

It is design that decides whether a handicraft business can survive and develop or not. The time when Vietnamese handicraft businesses can make profits out of cheap labor, the availability of cheap raw materials, and traditional designs, is over as these are no longer Vietnam’s comparative advantages. Therefore, if handicraft businesses, especially production companies, are to develop, they have to devise a serious design strategy. They should not rely on importers for designs for at least two reasons: a) importers are not specialized in designing, and b) as design accounts for a significant part of the total value of a product, owning the design makes more profits.

Certainly, for design to be taken more seriously, the problem of pervasive piracy must be tackled effectively.

1.2. Experience in international trade

Many exporters do not have sufficient experience or knowledge about international trade and foreign markets. They are willing to pay individuals or companies that can help them deal with foreign clients. That is why very few,
if not none, of Vietnamese exporters have contracts with global clients. Therefore, the orders are not large.

The lack of experience in international trade also means a lack of information about market trends and demand.

1.3. Unstable labor resources

Sometimes, an exporter has to turn down a significant order simply because it comes right at the time of harvest or crop planting when farmers prefer their crops to producing handicraft. It is a vicious circle of “unsteady jobs – few workers - few orders – unsteady jobs”.

1.4. Lack of raw materials

According to JICA report, there is a shortage of raw materials in most areas even though handicraft export has just increased in the last decade. It will be a bigger problem in the long term when Vietnamese Handicraft find and develop their stable markets. In the frame work of this survey we have to assume that this problem could be solved in order to focus on a solution for exporter to solve existing limitations from market end.

2. Possible interventions

**Training workshops on international trading environment for handicraft product and design.**

The training workshops are organized to help exporters understand how the international trade and foreign markets work, how to reach/search for information, the trend and demand of market, and also the importance of realizing the designer’s role in their business as part of a development strategy.

2.1. International trade:

In the workshop, exporters will share their own experience and together they could also discuss the possibility of the following ideas:

2.1.1. Organizing a series of carefully-designed courses which provide exporters a thorough understanding about international trade and expectation of the global market for handicraft products. This practical training hopefully will help exporters overcome some of the existing limitations mentioned above.

2.1.2. Linking exporters with existing data resources.
2.1.3. Help each other (exporters), with external support, build and maintain their own database on producers, raw materials, markets, etc. (An exit strategy must be guaranteed. The companies should be able to carry on with these themselves. Or Self-maintaining Database.)

2.1.4. Organizing trips to neighboring countries, for example, China to see how their competitors are doing (Exchange visits).

2.2. Design:

The training workshops also involve discussion on a strategic development vision of realizing the role of professional designers and devise a serious design strategy in handicraft export business.

2.2.1. Creating a network of designers whereby designers can advertise themselves and exchange experience and knowledge. This net work could become a reliable source of trendy designers for handicraft exporters (Designer network).

2.2.2. Supporting meetings/workshops between foreign design school interns or visiting designers and Vietnamese exporters.

2.2.3. How to get information about design trends abroad from different sources including foreign visitors.

IV. Questionnaire

1. Objectives and approaches

- The questions are designed to get a general idea of how the whole handicraft industry operates with a clear focus on different kinds of support to workers offered by handicraft businesses. The questionnaire also aims to identify, on a general basis, the difficulties facing businesses in the industry.

- The survey team did not expect to get detailed information from the businesses through the questionnaire. Rather, the team would divide the filled out questionnaires into several groups based on which to conduct the in-person interviews with managers of these businesses.

2. Content of the questionnaire

Questionnaire

A pre-feasibility report for a project to support the development of Vietnam’s handicraft is being conducted. The targeted people of the project support are
small-scale producers and workers. However, this project will consider the possibility of indirectly supporting the workers by assisting distributors of handicraft such as medium-sized producers, dealers and exporters. The aim of this project is to enhance support for handicraft distributors which, in return, will forge close links with and provide regular support to small-scale producers and workers (such as services, information flows etc.)

In order for this project to be set up, a survey team has been formed to prepare a pre-feasibility report which must identify the following:

1. **What is the existing support provided by exporters to small-scale producers?**
   a. Medium-sized producers and wholesalers:
      ✈️ How many jobs have these companies created? Are the jobs stable? The average income? Is it enough for them to live on this craft?
      ✈️ Do these companies help develop the economy of an entire village/area by creating jobs and generating income?
   b. Exporters:
      ✈️ Do these companies provide training to workers?
      ✈️ Do these companies make an advance payment to small-scale producers and workers?
      ✈️ Do these companies provide technical help to small-scale producers and workers?
      ✈️ Do these companies provide small-scale producers and workers with information?
      ✈️ Quality controls?
      ✈️ Forms of information exchange between producers and exporters?
      ✈️ Other kinds of support that these companies provide to small-scale producers and workers?

2. **Can exporters increase and improve their existing support to small-scale producers and workers?**
   - How can these companies increase and improve their support to small-scale producers and workers?
   - Can these companies create more stable jobs? Generate higher income? Provide vocational training? Etc.
3. What do exporters need to expand their business?
- What kinds of support do these companies need?
  Finance, market (market access, orders), design, quality control, international certificates, legal, management, raw materials, etc?
- At present, are these companies receiving any support from any organizations?
- Are these companies aware of business development services (BDS)?

4. Company profile
Please provide a profile of your company which should include the following:
- the products the company trades
- revenue in the past 3 years
- work force
- development strategy

V. Reference

1. Interim Report - November 2002, by ALMEC Corporation – International Development Center of Japan

2. The list of exporters (annex 1)

3. Interviews with managers of handicraft businesses (annex 2)