



Can Geographical Indications Modernize Indonesian and Vietnamese Agriculture? Analyzing the Role of National and Local Governments and Producers' Strategies

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Summary. — This paper investigates the way Geographical Indications (GIs) are implemented by national and local governments in Indonesia and Vietnam. The two States are active at all stages of GI development, from the selection of the products candidates for GI registration to the supervision of the GI implementation. Thanks to the involvement of national experts from public agencies in the establishment of the Codes of Practices (CoP), they are able to push for the substitution of traditional local techniques with “good practices” (i.e., mostly those recommended by research centers worldwide). Thus, they put GIs at the service of agricultural modernization when GIs apply more conventionally to specific products based on traditional know-how.

However, the implementation of the CoPs and thus the achievement of this objective of modernization depend on the perceived interest of producers in the whole GI dynamic. Indeed, the cases studied in Indonesia and Vietnam highlight the variable level of participation of local producers in the GI. In the four studied cases, the CoPs are mainly based on expert knowledge which differs from the actual practices of farmers and processors. Moreover, GIs are implemented in order to create or reinforce reputations rather than legally protecting preexisting ones. For these two reasons, producers' motivation to invest in GI certification is weak, which makes difficult the necessary collective involvement.

In both countries, the involvement of local governments in GI construction and management modifies the situation. Thanks to their knowledge of local situations and stakes, they are more likely than national experts to identify the most strategic supply chains at local level, enable participatory approaches in GI construction and facilitate the involvement of local producers in the GI managing group. But if competences have been given to local governments in the Indonesian and Vietnamese legal frameworks, the distribution of roles between central and provincial governments in GIs are not clearly enough specified. The nature and the importance of local public intervention differ from one case to another.

Finally, this paper recognizes the legitimacy of State intervention in GI development, at least as long as producers' awareness of GIs is still low. However, this State intervention should not only let enough space for producers in GI governance, but also design a frame for arousing their interest and adhesion and for facilitating their collective involvement. That may be facilitated by a concrete and clearly established decentralization of competences in national policies.

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1. INTRODUCTION

Indonesia and Vietnam are among the countries where State management of agriculture is the strictest. Since Independence and up to the 1980s, national agricultural policies focused first on self-sufficiency and then on cash crops. Exported commodities such as palm oil in Indonesia and coffee, pepper and rice in Vietnam developed rapidly (Booth, 1989), allowing these countries to reach the top ranks in the world market. To achieve these objectives, the two States adopted an interventionist approach. De Koninck (2004), Bui and Duc (2002), Maurer (1993) and Booth (1989) highlight the modalities of State intervention (in Vietnam and/or Indonesia), based on the rehabilitation or expansion of agricultural land as well as national programs for producer training, production intensification, supply chain structuring, and so forth. Thus, over the last four decades, agricultural modernization has been—and remains—a priority in agricultural policies. From a technical point of view, the objective is to substitute “traditional” techniques by “modern” ones, using the most productive varieties or breeds and efficient technical itineraries. From an organizational point of view, gathering producers into organizations is sought to achieve economies of scale during the process and/or marketing of the products. These policies are defined at

national level by the Ministries of Agriculture and at provincial level by local governments, and then implemented at all lower levels, via dense local networks of extension agents.

The specific objectives of this agricultural modernization have progressively diversified. Increasing yields remains a priority (ESCAP, 2009), but food quality and safety as well as, more recently, environmental sustainability have also emerged as new targets (Arifin, 2013; Dufumier, 2000; ESCAP, 2009; Tran, 2014).

Over two decades, Indonesia and Vietnam have also witnessed a new trend toward decentralization. In Vietnam, it was necessary to accompany the economic reforms during the 1990s (Fforde, 2003; Fritzen, 2006). In Indonesia, it was considered crucial to maintain national unity from 1999 onward (Dormeier-Feire & Maurer, 2002; Rasyid, 2004). Both countries have pursued improved and more efficient governance, by “bringing governments closer to the people” (Ramesh, 2013). However, the impact of decentralization in Indonesia and Vietnam has remained limited up to now. Even though decentralization began in the 1990s, it remains patchy; central administrations still hold most political power

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(Dormeier-Feire & Maurer, 2002; Fritzen, 2006; Ramesh, 2013). The low quality of decentralized services in Asia is indeed ascribed to this “*truncated model of decentralization*” (Ghuman & Singh, 2013). In Vietnam, with the current governance structure, “*incentives for bureaucratic actors and local leaders to transfer meaningful control downwards are weak or non-existent*” (Fritzen, 2006). Ribot, Agrawal, and Larson (2006) go further, identifying the strategies that central governments apply to maintain control in six developing countries (including Indonesia) in which the decentralization process is engaged. This incomplete decentralization process can affect governance and lead to strong competition between national and provincial authorities (Faguet, 2014) and to “*particularly volatile socio-legal configurations*” (McCarthy, 2004).

Since 1995 in Vietnam and 2007 in Indonesia, the governments also play an active role in the development of Geographical Indications (GIs). Interest and investment in GI development increased rapidly in both countries, and they now figure, alongside Thailand (Ngokkuen & Grote, 2012), and Malaysia, among the most active South-East Asian States in respect of GIs (Benerji, 2012).

The motivations of the two States have to be highlighted. As in many developing countries, GIs appeared as an efficient way to promote agricultural products in a context of globalization and to reduce the risk of the misappropriation of names (Anders & Caswell, 2009; Bramley & Biénabe, 2012; Vittori, 2010). Indeed, as intellectual property rights (IPR), GIs are designed to protect the appellation of regional products wherever a given quality, reputation, or other characteristic of the good is essentially attributable to its geographical origin. In contexts characterized by information asymmetry, where consumers are unable to assess the quality of food products in detail by themselves, GIs can help avoid situations whereby “*bad products drive out good ones*,” a risk seminally highlighted by Akerlof’s model (Akerlof, 1970). GIs thus protect and sustain quality handcrafted food products in a context of broader competition, notably from agro-industrial products (Rangnekar, 2004; Vandecandelaere, Arfina, Belletti, & Marescotti, 2009).

Aside from the legal protection and quality labeling functions, other potential roles have been highlighted in the literature. The collective management required for GIs to succeed can unite local economic actors and empower local organizations, allowing supply and price controls for agricultural markets and rural development. In some cases, by valorizing natural and cultural heritage, GIs also play a resource conservation role (Gangjee, 2012; Jena & Grote, 2010; Sylvander *et al.*, 2006), which may enhance the development of grass-roots economies (Agdomar, 2008) and support the autonomy of rural communities (Bowen, 2010). GIs have significant ability to steer the trajectories of production systems, as the rules outlined in the Code of Practices (CoP) may, for instance, allow or prevent the industrialization of agricultural production or processing (Allaire & Sylvander, 1997)¹.

Another potential function of GIs is product differentiation. In a globalized context, GIs may play an effective role as “*decommodifier*”, by changing the status of an agricultural product from “*commodity*” to “*origin product*” (Galtier, Belletti, & Marescotti, 2013), which can in turn increase the selling price and/or market share. It has been demonstrated that consumers do respond to GI quality labels on a food product, even when unaware of the specificity associated with the indicated geographical origin (Teuber, 2010; Verbeke & Roosen, 2009). In the same way, in China, GIs are perceived as indicators of food safety, creating another kind of differentiation (Zhao, Finlay, & Kneafsey, 2014).

Given their multiple potential functions and even if the impacts are not systematically positive (Barjolle & Sylvander, 2002; Bowen & Zapata, 2009; Galtier *et al.*, 2013), some States (notably European ones) consider that GI protection can play a role in agricultural policies (Josling, 2006; Rangnekar, 2004; Sylvander *et al.*, 2006). By helping combat counterfeiting and strengthening/creating reputations, GIs may raise producer incomes, enable markets to grow (Bowen, 2010) and boost local agricultural activity, leading to spillover effects on other local supply chains or services (Pecqueur *et al.*, 2008). GIs may then be used by governments notably to stem rural exodus and develop marginalized rural areas in which intensive agriculture cannot compete, but also to promote sustainable diversification within the most productive agricultural areas.

If it is admitted that GIs can be used as agricultural policy tools, a question arises with Indonesian and Vietnamese investments in GI development: can this tool also be used for the agricultural modernization which is still at work in Indonesia and Vietnam? In other words, are GIs developed in these two countries for the reasons given above, alongside (and potentially in contradiction with) agricultural modernization, or are they able to contribute to this objective? Classically, GIs apply to specific products processed with traditional know-how (Bérard & Marchenay, 2004) and thus are not directly compatible with the objective of agricultural modernization. But if governments intervene in the selection of products, financially support the construction of the GIs considered as the most strategic and steered CoP writing, they could use them for this purpose. The potential role of GIs in the State-driven agricultural modernization process has hitherto not been highlighted in the scientific literature.

As they are not mandatory regulations but voluntary norms, the use of GIs as agricultural policy tool entails paying close attention to the involvement of local economic actors. Local producers have the choice to comply or not with GIs’ CoP and therefore to use GIs; GIs have no direct binding effect on technical practices or production systems. Using them within an agricultural policy framework requires producers to be won over to the project, which should then be negotiated between States and local economic actors. Given the localized production system on which GI dynamics are based, local governments’ capacity to ensure this negotiation might be considered as higher than central governments’ one and these local governments might be seen as the most appropriate and legitimate level for GI management. However, despite the extensive literature on GIs, including the emerging but growing focus on the role of the State in GI development, remarkably few of these studies have examined the role of local government in the governance of GI systems (Scudeller, 2009).

The aim of this paper is to understand the role of national and local governments in building and managing GIs, to analyze whether and how GIs are combined with agricultural policies, and to explore the consequences in terms of development. We analyze the administrative level(s) at which GIs are managed in Indonesia and Vietnam, and explore whether GIs participate to the decentralization process occurring in these two countries.

We argue that GIs are being developed in Indonesia and Vietnam to serve agricultural policy and, more precisely, agricultural modernization; GIs being voluntary norms and not mandatory regulations, the adherence of local producers is required, and facilitated by the involvement of local government.

This article is based on empirical evidence from an analysis of national GI systems in both countries and of four case

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