

Memorandum

From : Stephane GOUIN – Denis SAUTIER

Date : 7/5/2007

Subject : Projet d’Etablissement des Indications Geographiques au Laos, PEIG / Conclusions of mission on (i) GI products Supply chain and Marketing, and (ii) PEIG Inception report

To: Dr Monthathip CHANPHENGXAI (MAF NAFRI), Kt LUANGCHANDAVONG (PEIG), PEIG Team, LCG, INAO, CIRAD, MAF, AFD

Context

PEIG is a 2 year (Jan. 2007 – Jan. 2009), AFD – funded project, focusing on the identification and promotion of unique, land-based Lao agricultural products, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.

Such products are entitled to be protected from cheap or low-quality imitations and from usurpation of their name, through their recognition as a Geographical indication (GI). GI is an intellectual property right recognized by the 154 World trade Organization member states. One of the objectives of PEIG is therefore to facilitate the establishment in RDP Lao of a legal framework for GI recognition and registration.

Objectives

A short term mission by Stephane GOUIN (agro-food marketing specialist, AGROCAMPUS Rennes, France) and Denis SAUTIER (supply chain economist, CIRAD Montpellier, France) took place in Laos from April 4th to 14th, 2007. Its aims were :

- field-based training and expertise for PEIG staff (MAF and contracted staff) on the “Market study “ component of the Feasibility study for potential Geographical Indication (GI) products;
- field-based training and expertise for PEIG staff (MAF and contracted staff) on the “Supply chain diagnosis “ component of the Feasibility study for potential Geographical Indication (GI) products ;
- follow-up of PEIG activities and preparation of PEIG inception report.

Implementation

- The mission arrived in Vientiane on April 5th and departed April 13th after debriefing.
- April 6th - 8th , Luang Prabang : study of Kai Phen (dried river alga) and Mulberry paper (Stephane GOUIN, Denis SAUTIER, Kaothong LUANGCHANDAVONG, Buapha SOUPATTONE, Saichay - ----)

- April 9th- 13th, Champasack : study of Robusta and Arabica coffee from the Bolovens and Pakson Tea (Stephane GOUIN, Buapha SOUPATTONE, Saichay ----)
- April 9th- 13th, Vientiane: interviews on Specialty rice, Lao silk; meeting with MAF, LCG, AFD ; work on PEIG programmation, outputs and Inception Report (Denis SAUTIER, Monthathip CHANPHENGXAI, Khaothong LUANGCHANDAVONG)

St udy of potential GI products (main points)

1. Luang Prabang alga (Kai phen)

Kai phen is obtained from river alga or “kai” which is cleaned, moulded, flavoured with tamarind juice and other ingredients and dried in rectangular sheets. Consumers appreciate to eat it fried as a snack, especially for beer drinkers. Kai phen seems to be almost exclusively produced in Luang Prabang Province. Our visits show the existence of 2 sub-systems

- Mekong kai phen = produced from 8 villages localized on a Mekong stretch mostly North from Luang Prabang where the river stream is weak and rocky areas facilitate alga harvesting. Muang Kam families generally process the alga they collect from December to April. They have been producing for generations and sell essentially to Luang Prabang market either directly or to harbour traders. Mekong Kai phen are often sold with a premium price on the local market, because for connoisseurs they are thinner, crispier and tastier. Differences occur from village to village. Koi Sai Noi village is fetching the highest price.
- Kai phen from other rivers upstream: This implies a much larger area. We visited Nambak (100 km North of LP) but at least 5 rivers produce Kai. Villagers near these rivers are traditional Kai consumers. But they started only recently to process it into Kai phen and to sell it. Traders seem to have pushed this innovation. Alga collectors often sell the raw kai material to kai phen processors. The season is longer (production until June). Prices and quality seem to vary a lot. Production is frequently made by order. Trade is partly directed to Luang Prabang, but a lot is sold to Vientiane or other cities, even to restaurants in Thailand.

The product is extremely original and could be protected as a GI. Several questions need to be addressed:

- Scientific name (need to identify a qualified scientist). Insights into the biology of the alga is needed in order to understand the geographical conditions of its presence, and to anticipate the impact of a possible market expansion (sustainability of the resource ?), given that it is a protein-rich food for local populations.
- Are kaiphen still sold after kai harvest is finished (june), at what prices and where does it come from ?
- Is there a threat that would justify a GI protection ? Consumers’ quality related expectations vary: most wish to avoid the presence of sand; some wish to diferenciate “Mekong alga” from other river alga.

Follow-up:

- PEIG team must try to write a fiche on Kai phen according to the Template in Annex 1
- Buapha and Saichai will write down the characteristics of the product, and the step-by-step description of the processing (comparing Muang Kam and Nambak) and send it to D Sautier and S. Gouin by April, 23rd

2. Boloven Coffee

3. Tea

- Paksong tea: recent revival of this production through export initiative led by Lao Farmers' Products. Success story in terms of marketing for the European Fair Trade market in bamboo boxes (also made by farmers' families). Recently however, Chinese tea traders from Yunan have come into the area and started buying locally at a much higher price.
- Phongsaly region was the first Lao tea-producing region, over 200 years ago. This tobacco has a specific presentation in rolls. Sisanouk started branding it. But recently a Chinese owned tea processing fabric opened in Phongsaly. Impact is not known but apparently the end-process is done in China ? Some data on Phongsaly tea may be included in the tea feasibility study, but there is no time for field trip.
- Xieng Khoang : current or potential area for tea production ?
Natural forest –grown tea is very much in demand in China where special teas can fetch very high prices. Lao tea has a strong image of naturally grown.

4. Xiêng Khoang perfumed rice (Khao Kai Noi)

- Laos is the world center of origin for sticky rice biodiversity. More than 13000 cultivars of sticky and non-sticky rice have been identified in the country (IRRI NAFRI, 2--). Specialty rices are already traded and exported (especially by Lao Farmers' Products which operates under Fair Trade schemes).

The most local-specific of these rices is Khao Kai Noi, which grows above 1200 meters in Xiêng Khoang Province (particularly Districts)

Lao Farmers' Product is interested: "We need protection". Apparently some producers / traders in Vietnam have been copying the product / usurping the name. GI recognition within Laos is a condition to benefit from GI protection in WTO member states, for example the EU.

5. Lao Silk

Lao silk quality production is organized by villages rather than regions. Production volumes are low. Requires high skills and lot of labour. Two resources can make Lao silk specific

- a. The silkworm itself: local or imported (the imported produces white cocoon; the local can be either yellow or yellowish)
- b. The type of mulberry tree which is used for feeding the worms: either local or "boloh" (imported from Thailand)

Several projects supporting silk production in Laos (Consortium) tend to foster both imported cocoons and imported tree, for higher productivity. But it will become more difficult to differentiate Laos silk from that of other countries. A national heritage is in danger of disappearing.

Refer to studies by Alain RALLET for ADB

6. Next steps – Recommendations for Feasibility study

For each next field trip:

- always involve PEIG provincial representatives in the preparation and during the interviews
- always bring a local (Province or District level) Map
- ask different stakeholders to draw "their" map of the product production and processing area
- take exact notes from the interviews immediately during the visits
- communicate on PEIG with local authorities and private sector (debriefing meeting)

Specific recommendations

RICE and other products: plan a 1-day-visit to Nabong University on 25 April, to review available information and student reports on local products and meet with the Professor who did her Master degree in Angers (France) on dark rice.

Deadlines :

PRODUCT	DEADLINE 1 st draft	DEADLINE 2 nd draft	Contributors	Reviewers
KAI PHEN	24.04	5 th July		Niels
RICE	29 – 30. 05	5 th July	Dr HATSADONG ?	Frederic GAY (Cirad) Niels Seng Dao
COFFEE	13.06	5 th July		B Sallee
TEA	15.06	5 th July	Line SALLEE	
SILK	15.06	5 th July	VIRASACK ?	Nikone

This implies PEIG team travels to Xien Khoang in May and to Champassack in June, and active networking to identify contributors who can write the draft reports on rice and silk

B- PEIG : Action plan / Inception report / Coordination

- a. Important insights and suggestions were obtained during the mission from meetings with MAF Deputy Permanent Secretary Mr Xaypladeth CHOULAMANY, and from NAFRI, LCG, AFD as well as from the working sessions with PEIG staff.
- b. **ACTION PLAN:** Over the first trimester, the objective of team-building advanced successfully, since MAF counterparts were identified, on a thematic basis and also in the Provinces most concerned by the project

Permanent	Saychay (NAFRI)	
Thematic	Mr Mr	marketing (NAFRI, NTFP project)
Regional	Mr Mr Mr	Pakse (Ban Itou coffee research centre, NAFRI) Luang Prabang Xieng Khoang

- c. Communication is essential. Need to define simple messages. And to address different types of audiences.
 - Logo and leaflet (depliant): → Th Gillet will give suggestions regarding the logo
 - PEIG Booklets for Steering Committee, PEIG partners and technicians who are working closely within PEIG network: N°1 “What are GIs”
 - Th Gillet sends a non-Adobe English version and Khaothong make urgent comments. Deadline 23.04
 - 4 pages information on GI and PEIG for Provincial Departments
 - 1 page information on GI and PEIG for farmers’ groups

- d. The elaboration of a GI Decree at Prime minister level requires awareness from the government and party, and also from the private sector. Support by Laos Farmers' Product or others (Lao Handicraft Association, etc..) would be very important
 - Denis/ Stephane will contact M. Tseng Dao (Lao Farmers' Products) in France.
 - Study trips are very important for awareness and preparation of decisions. Destination programme and participation must be carefully prepared
 - PEIG can support STEA (Mr Makha) in setting up a group to analyze and finalize the project of Decree.
- e. For Phase 2, it is important to fix clear targets:
 - **Output 1** : The GI Decree text will be finalized
 - **Output 2**: One GI case will be fully documented according to the requirements of a GI submission form to the EU
- f. International GI training in Switzerland: 15-24 may. This is an exceptional opportunity to join a world wide network of GI practitioners. The participation of Dr Monthathip is covered by a WIPO grant. The participation of Khaothong is strongly recommended.

INCEPTION REPORT

It is due after 3 months of operation. It is being prepared according to action plan suggestions as above and to lessons learned from field work etc. To be reviewed on 19-20 april and sent by Dr Monthathip / MAF to AFD on Monday 23 April.

ORGANIZATION AND COORDINATION The following decisions were taken:

- Terms of reference for the project coordinator, Kt LUANGCHANDAVONG: see Annex 2
- Each short term mission will end with a debriefing meeting and the delivery of a Memo
- All partners will circulate their PEIG related e-mails to the following list: Monthathip (MAF); Khaothong (PEIG); Denis (CIRAD); Marc and Niels (LCG)
- Monthly coordination meetings will be organized between PEIG/MAF and AFD. The CIRAD-LCG-INAO consortium will be represented in these technical meetings by the project coordinator, Khaothong. If the meeting agenda includes a question related to the functioning of the consortium itself, Denis will delegate a LCG management staff member.
- Niels Morel (LCG) will help PEIG with administrative tasks / procedures and will help review the redaction of product reports (see table for deadlines, 1st and 2nd drafts)
- The organization of facturation documentation from PEIG to CIRAD to MAF to AFD has been fine tuned. LCG keeps a copy of all pieces.
- The budget of the inception report will allow for follow up time (temps base France) during Phase 2.

FOLLOW-UP :

- A template for the organization of data on each "GI Product feasibility Report" is given in Annex 1.
- Terms of reference for the PEIG Coordinator are proposed in Annex 2.
- A detailed schedule for PEIG Trimester #2 (April, 21 – July 21) is provided in Annex 3.

Organization of data and Summary of GI Product Feasibility Report

1. DESCRIPTION OF THE PRODUCT

1.1 Name of the product

1.2 Type of product :

Agricultural, food or handicraft product. Processed or unprocessed. Meat, dairy, fat, fruit, horticulture, staple grain or tuber, fish ; drink, non timber forest product, etc.

1.3. Characteristics

These may vary according to the product : physical characteristics (shape, appearance), sensorial characteristics (taste, texture, aromas...), chemical and microbiological characteristics (nutrition, composition) and biological characteristics (variétés and breeds).

Characteristics of product

PRODUCT			
Local name	Name 1	Name 2	
Geographical Area			
Appearance			
Colour			
Texture			
Taste			
Uses			
Price			

It is essential to mention clearly which are the characteristics that make this product different from other ones from the same category.

1.4 Production and processing steps

The production and processing steps must be precisely described. Here also, it is important to focus on the species/ varieties, production factors, the know-how or the processing techniques, that make this product different from other from the same category.

2 GÉOGRAPHICAL AREA :

2.1 Area of production

Describe as precisely as possible the area of production.

2.2 Map(s)

Draw a map of the area. Use the definitions of the area that are given by the producers or the traders of the product.

2.3 Size

Give an estimation of the estimated number of producers and processors within the geographical area.

2. HISTORY AND REPUTATION

3.1 History of the product

How long has the product existed in the area ?

3.2 Use of the name

Under which names is the product known by producers, traders, and consumers? Does the name refer to a geographical area? What are the names used on packaging ?

3.3 Reputation

Is the region famous for this product ?

3 MARKET ORGANISATION AND VALUE CHAIN

4.1 Supply side

Volumes produced., Statistical data on production, exports

4.2 Demand side

Data on consumption: volumes, destination, type of buyers / consumers. What are their expectations ? What is the profile of the consumer who likes this specific product ?

4.3 Marketing channel

Describe the marketing channel, with its prices and the quality requirements according to the type of end-market. Is there a price differential for the premium quality ? Is the product traced with its real origin until the end-user ?

See Stéphane's tables

4 LINK BETWEEN THE PRODUCT AND THE GEOGRAPHY:

Human factors (traditions, culture, organisations..)

Physical factors (climate, soil, altitude, climate..)

Characterisation of the production area

This point is very important for the report. The objective is to explain how the characteristics of the product relate to the geographical area.

5. Stakeholders and producers' groups or association :

Do they have enterprise skills ? bargaining capacity ?

Who are the main operators (individuals enterprises or groups)

Name and address of important actors in the system

6. What could be the difficulties and benefits of recognizing this product as a GI ?

Are the economic operators receptive to the idea of geographical indications?

What would the difficulties for establishing a GI ?

What would the costs ? (need for investment for market access, promotion, working capital..)

What could be the benefits and the impacts?

7. List of documents consulted and persons interviewed

Annex 2

Termes de reference du Chef de Projet

Annex 3

Trimestrial Planning, PEIG Trimester 2 (April 21 – July 21, 2007)

Priority actions are :

- the redaction of 5 feasibility reports, with the following deadlines:

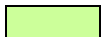
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- the elaboration of PEIG communication material: leaflet, brochures for different audiences (farmers' groups; administrative level; and technical network level)
- the organisation of a 2 day workshop on the operational procedures for GI examination and registration (July) with STEA , Deptt of Justice and others;
- the next PEIG Steering Committees
 - * Comite de Pilotage # 2 : 9 or 10 of May
 - * Comite de Pilotage # 3 : 17, 18 or 19 of July: will decide on the Phase 2 PEIG continuation .
 - * (additionally, a PEIG MAF AFD coordination meeting must be organized in June)
- the participation of Dr Monthathip and Khaothong in the international training on GI in Geneva, Switzerland: May 14-25
- Missions by international experts:
 - Veronique Fouks : Workshop on GI : July ? (to be confirmed)
 - Denis Sautier : finalization of feasibility reports : June 25 to July 6th



: Mission international experts



: GI Training in Switzerland



: Study trip within Laos

Green: Monthathip

Blue : KT

Red : B=Buapha, S= Saychay

Week N°	MONDAY	TUESDAY	WDNESDAY	THURSDAY	FRIDAY	SAT.	SUND.
17	23 avril Meeting with ECAP	24 Send the data on Kai Phen to DS, SG NTFP	25 visit to Nabong University Workshop	26 Contacts Silk, rice.. FAO SNV	27	28	29
18	30 VISIT VISIT	1 may TO TO	2 XIENG XIENG	3 KHOANG KHOANG	4		
19	7 may IP Workshop	8 STEA	9	10 Comite Pilotage ?	11		
20	14 GI	15 TRAINING	16 IN	17 SWITZERLAND	18 2 WEEKS		
21	21 Saichai	22 and	23 Boapha	24 writing down	25 rice report		
22	28	29 RICE report review	30 RICE report review and send to DS	31	1		
23	4 June PAKSE (B, S)	5	6	7	8	9	10
24	11 PAKSE (B, S + Kt)	12	13 Debriefing	14	15	16	17
25	18	19	20	21	22	23	24

26	25 D. Sautier	26	27	28	29	30	1 july
27	2 D. Sautier V. Fouks ?	3	4 <u>WORKSHOP</u>	5 <u>GI DECREE ?</u> <u>FEASIBILITY 1st</u> <u>DRAFT</u>	6		
28	9	10	11	12	13	14	15
29	16	17	18 Comité de pilotage ?	19	20	21 END OF PHASE 1	

