

Can a geographical indication help foster cooperation? Evidence from the Bolaven Plateau (Lao PDR)

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Introduction

- **Geographical indications:** *“indications that identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographic origin”.* (TRIPS)
- **Collective action & organization** considered as a key element of success for GIs (Paus & Reviron, 2010)
- **GI systems represent specific types of collective action**, that involve *“a set of actors engaged in creating value and improving the strategic marketing position of the GI product and (...) in the activation and reproduction of those local resources (natural resources, knowledge, social capital), which make the GI product specific”* (SINER-GI).
- In many countries, to register a GI, the actors must set up a representative organization and adopt common code of practice.

Certifications & GIs as high-value market opportunities for smallholder farmers

- **Advantages of certification:**

- capture higher margins associated with improved quality (reputation of quality),
- better valorize local resources,
- internalise social and environmental costs of production,
- better connect producers and consumers through information (place, production methods, people).

- **Limitations:** little scope for decision making, impose high costs on smallholders and exclude those who are unable to comply.

- **Specificity of GIs:**

- Stakeholders (including smallholder farmers) are involved in the definition of the rules for using the label,
- Social benefits (traditional knowledge, sense of belonging)
- *Strong collective action* through the building of a new GI collective organization (facilitators, common vision, favorable institutional context).

Coffee production in the Lao PDR

- The Lao PDR has emerged as a coffee producing country over the past 20 years.
- **Specific features** of the Laotian coffee sector: long history of coffee production (1920s), favorable conditions of altitude, climate & soils (only Robusta grown at this altitude/latitude).
- **Continuous support** from the government and donors, Bolaven Coffee is considered as a strategic commodity by the GoL (ADS 2025, 8th NESDP). Support to GI since 2007.
- Laotian coffees are **exported with a discount** (USD 0.21-0.30\$/kg) on world markets (poor reputation, low compliance with international quality standards, unreliable export quantities).
- **Persistent low coffee prices** → smallholders do not invest in their plantations → lower yields, higher losses due to pests → some coffee farmers switch to more profitable crops.

A very heterogenous sector...

- On the **Bolaven Plateau**:
 - many smallholder farmers, less than 20% are organized (CPC, JCFC),
 - foreign investors have been setting up plantations / factories since the 2000s (land concessions);
 - over 30 trading companies (production, processing, brokers/exporters),
 - one coffee trader/exporter company (Dao-Heuang Group) commercializes around 70% of all Bolaven coffee production (3 in 1 coffee factory and exports).
- A variety of **markets & marketing strategies**:
 - Conventional coffee (Thailand, Vietnam),
 - Certified (organic, FT) & specialty coffees (Europe, USA, Japan, Taiwan),
 - **Bolaven Coffee geographical indication** registered in October 2020,
 - Domestic market: local roasters & coffee shops (pre-Covid).

Lack of genuine interprofession...

- **Lao Coffee Association**

- **1994:** creation of the **Lao Coffee Exporters' Association**

- Joint responsibility of LNCCI & MoIC
 - Objectives: to strengthen and oversee the sector & to give a greater to the private export sector.

- **2017:** the LCA becomes an economic association (PM Decree on Associations No. 238)

- Joint responsibility of MoHA, MoIC, MoST, MoF and MAF.
 - Objectives: to promote exportable coffee production and high quality products; to bring together coffee value-chain stakeholders & ensure they comply with the legislation of the Lao PDR; to collect statistical data on planting, production, roasting and exports.

- **Conseil National du Café Lao / Lao Coffee Board**

- **2010:** creation through Prime Minister Decree 58/PM.

- Objective: to overcome the difficulties related to the involvement of several ministries and encourage coordination at the ministerial level. Acts as a Steering Committee for the coffee sector in Laos.

- ❖ LCA has expanded: 15 to 71 members
- ❖ Majority of exporters (83%) and stakeholders from the South (82%),
- ❖ Very few 'new' stakeholders –e.g., roasters, coffee shops, baristas, franchises.
- ❖ Chair and vice chair unchanged since 2017
- ❖ Issues of representation, governance and transparency.

Too many challenges to overcome?

- **Heterogenous stakeholders:**
 - no consensus on production methods,
 - little interest for differentiation & price premiums,
 - little value-added from GI for those engaged in certification/specialty markets,
 - little incentives for quality improvement (illegal traders from Vietnam).
- **Difficult institutional environment:**
 - new legal framework for GI registration (decree on application of GI registration, guideline for registration),
 - lack of research on coffee,
 - poor business environment (unlicensed traders),
 - competition between donors/ministries.
- **Lack of trust** along the value-chain → **little collective action / cooperation.**
- **Little involvement** of the coffee stakeholders in the GI construction process. A Task Force was set up involving a few committed stakeholders, local government agencies (DoST, PAFO, DoIC, CREC) and LCA.

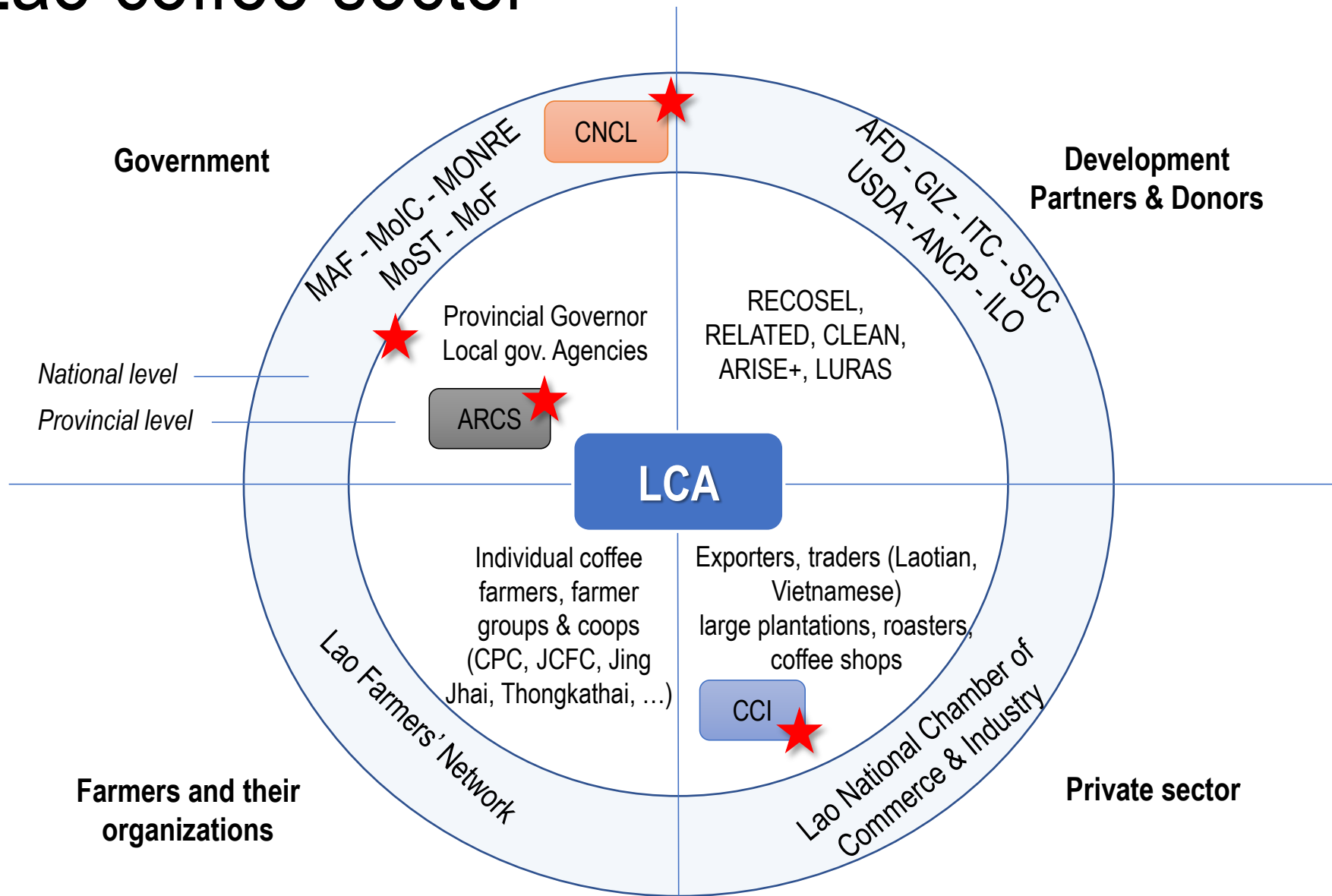
Conclusion

- Different stakeholders with different interests & strategies + intense competition (free-riding).
- The value chain has **no genuine inter-profession → lack of cooperation and trust**
 - Between the LCA and most of the producers (CPC),
 - Between the buyers (Laotian/Vietnamese),
 - Between the downstream/upstream parts of the chain,
- **Difficult to discuss & share → no clear consensus** on what is/should be Bolaven coffee → **overall quality of coffee remains low** (few incentives to produce quality).
- **GI** = very new process, unable to overcome existing power relations within the coffee sector.
The GI cannot alone save the coffee sector...





The Lao coffee sector



Year	Project	Activities
2007-2009	Project on the Establishment of Geographical Indications (PEIG)	<ul style="list-style-type: none"> • Setting up the national legal framework for GIs, • Trainings & workshops on GI awareness, • Bolaven coffee, + 5 other pilot products.
2010-2014	Projet de Renforcement des Capacités Commerciales de la filière café lao (PRCC café II)	<ul style="list-style-type: none"> • Support to the Lao Coffee Board (CNCL): • Promotion of the Lao coffee origin, • Identification of niche markets • Work on the « Bolaven Coffee » GI.
2013-2014	GI expert missions	<ul style="list-style-type: none"> • Review of the code of practices, control plan. • Focus on the actions of the GI management group and revision of the workplan.
2015-2016	Project for the Promotion of Rural Development through Development of Geographical Indications at Regional Level in Asia (AFD/FAO RAP)	<ul style="list-style-type: none"> • New orientations for GI registration in Laos. • Finalisation of the legal framework for GI registration • Technical support to create an interprofessional body to become the applicant for GI registration. • Roadmap set up for GI registration of Bolaven Coffee (2016)