

Analysis of the Current Situation of Factors Affecting the Development of Craft Villages in Hanoi

Ngo Tien Quan

Graduate Student at Thuongmai University

Date of Submission: 05-06-2025

Date of Acceptance: 15-06-2025

ABSTRACT

: This article provides a comprehensive analysis of the various factors influencing the development of traditional craft villages in Hanoi, within the context of increasing integration and urbanization. Through surveys conducted in representative villages such as Bat Trang pottery, Van Phuc silk, and Phu Vinh bamboo and rattan weaving, the study reveals that the development performance of these villages has shown a positive trend, with marked improvements in output and export turnover. However, significant challenges remain. The main issues include inconsistent land-use planning, ineffective development strategies, limited access to capital and investment, low quality of human resources, outdated technology, weak competitiveness, environmental pollution, and insufficient social welfare. Only a small proportion of craft villages can access preferential loans, successfully build their brands, or apply new technologies.

The author emphasizes the role of state management policies in removing barriers related to infrastructure, finance, vocational training, and environmental protection. It is also proposed to enhance the effectiveness of policy implementation, promote public-private partnerships, and develop sustainable production models to strengthen the competitiveness of traditional craft villages in Hanoi in the new era.

Keywords: Hanoi craft villages, sustainable development, planning, investment, technology, environment, public policy.

I. DEVELOPMENT PERFORMANCE OF CRAFT VILLAGES

The development performance of craft villages can be assessed through key indicators such as output, export turnover, and workers' income.

1.1. Production Growth Rate

The production growth rate is an important indicator reflecting the development of craft villages. On average, craft villages in Hanoi experience a production growth rate of around 6–8% per year.

- **Bat Trang Pottery Village:** The output of ceramic products in Bat Trang has seen a significant increase. In 2020, the village produced about 1.8 million items, which rose to 2.1 million items in 2024 — equivalent to an 8.3% growth over four years. This increase is primarily due to market expansion and improved production processes.
- **Van Phuc Silk Village:** The output of silk products in Van Phuc increased from 500,000 meters in 2020 to 600,000 meters in 2024, reflecting an annual growth rate of 5%. This growth aligns with rising demand for high-quality silk in international markets.

1.2. Average Income

Average income: According to research by the Hanoi Institute of Economics and Management and the author's survey, the average monthly income of workers in craft villages ranges from 5 to 12 million VND.

- **Bat Trang Pottery:** Skilled potters in Bat Trang earn an average of about 15 million VND per month, thanks to the production of high-end and export products. This income is higher than the average of other craft villages due to strong demand and high product value.
- **Van Phuc Silk Weaving:** Silk weavers in Van Phuc also have relatively high incomes, around 14 million VND per month. This reflects stable development and high demand for silk products in the market.

1.3. Export Turnover

Export turnover: The export turnover of craft village products in Hanoi reaches approximately 200-300 million USD annually. The key craft villages include:

- **Bat Trang Pottery:** Contributes 100 million USD to the annual export turnover. Bat Trang ceramic products are exported to countries such as Japan, the United States, and European nations. This growth is driven by expanded distribution channels and product design innovation.
- **Van Phuc Silk:** Contributes 80 million USD annually. Van Phuc silk is mainly exported to markets like China, South Korea, and Southeast Asian countries. This development depends on product quality and effective marketing strategies.

II. STRATEGIC MANAGEMENT AND LAND USE POLICY PLANNING FOR CRAFT VILLAGE DEVELOPMENT

Strategic management and land-use planning are crucial factors to ensure the sustainable development of craft villages. These tools help maintain traditional production activities amid rapid urbanization and infrastructure demands.

2.1. Land Use Planning

Land use planning is essential to guarantee production space for craft villages and protect these areas from urban development encroachment. According to reports from the Hanoi Department of Natural Resources and Environment, craft villages face many challenges in land use planning. Production areas of many craft villages have been reduced due to rapid urban development. For example, Bat Trang, one of Hanoi's most famous traditional craft villages, suffers from a severe shortage of production land. Data from the Department of Natural Resources and Environment shows that the land area for ceramic production in Bat Trang decreased from 250 hectares to 180 hectares over five years, a 28% reduction. Urban development projects and industrial zones are often prioritized over the conservation and expansion of craft village production space. This has led to relocation or downsizing of many villages. Land-use planning for craft villages is often inconsistent with urban planning, making it difficult to maintain and develop production activities.

2.2. Development Strategy

The development strategy of craft villages is critical to sustaining production and mitigating

negative impacts from urbanization. Hanoi city has planned to build craft industrial zones to concentrate production and reduce pollution. However, the implementation of these zones faces many difficulties:

- According to the Hanoi Department of Industry and Trade, attracting investment for craft industrial zones is still limited. Approximately 5,000 billion VND is needed to complete infrastructure, but only about 2,000 billion VND has been mobilized. This leads to some projects not being implemented on schedule.
- Many craft industrial zones lack completed infrastructure, including wastewater treatment systems, transportation, and power supply. Only about 40% have basic infrastructure completed, while the remainder face difficulties constructing essential facilities.
- The city has set goals to build craft industrial zones with environmental protection criteria and improved working conditions. Some zones are applying advanced pollution treatment technologies, such as wastewater treatment systems and smokeless kilns. However, the adoption rate of these technologies remains low, about 30% of the actual demand.

III. MANAGEMENT SUPPORT FOR INVESTMENT ATTRACTION AND FINANCE FOR CRAFT VILLAGE DEVELOPMENT

Financial support and investment attraction play an important role in promoting craft village development.

3.1. Financial Support

Financial support is essential for craft villages to maintain and expand production. However, access to finance remains limited.

- Out of approximately 200 craft villages in Hanoi, only 60 can access preferential loans with low interest rates. The average loan amount per village is only about 2-3 billion VND, insufficient to meet the expansion needs of many households.
- About 70% of households in craft villages lack financial capacity to invest in new equipment or expand production scale. The main reason is that household equity is usually low, averaging about 50 million VND per household.
- Loan application requirements are often complex, requiring many documents and collateral, causing difficulties for many producers. Processing time averages 3-6

months, while producers often need funds immediately.

- Despite preferential loans, many producers still face high interest rates due to ineligibility. Normal interest rates may reach 10-12% per year, while preferential rates are about 5-7%.

3.2. Investment Attraction

Attracting investment is necessary to develop infrastructure, upgrade production technology, and expand scale. However, investment attraction remains challenging. The investment rate in craft villages achieves only 20% of total demand.

- **Bat Trang Pottery:** Investment projects have high value but only achieve 50% of initial plans. Investors mainly focus on upgrading technology and expanding workshops, with a total investment of about 100 billion VND in 2024.
- **Phu Vinh Bamboo and Rattan:** Investments reached about 30 billion VND in 2024, mainly for expanding workshops and improving production processes. However, the implementation rate remains low compared to expectations.
- Investment difficulties arise from high risks and low profits. Investors often consider craft village projects risky with low returns due to market fluctuations and high production costs.
- Lack of information and support: About 40% of investors report insufficient information on preferential policies and support.
- Government agencies need to adopt supportive policies such as tax incentives and infrastructure support. Hanoi has implemented some policies but with uneven and inefficient execution. Only about 30% of investment projects benefit fully from incentives. International and domestic investment attraction programs must be strengthened with better marketing and promotion strategies.

IV. MANAGEMENT SUPPORT FOR THE DEVELOPMENT OF CRAFT VILLAGE HUMAN RESOURCES

Human resources play a crucial role in maintaining and developing traditional craft villages. However, many challenges remain in managing human resources in craft villages, requiring effective solutions from management agencies.

4.1. Vocational Training

Vocational training is a fundamental factor in improving skills and capacity for workers in craft villages, thereby contributing to preserving and developing traditional crafts. Approximately 70% of workers in craft villages have not received formal vocational training. This results in many workers lacking the professional skills and knowledge necessary to perform traditional techniques.

Vocational training programs are usually implemented in vocational schools, training centers, and craft production facilities. However, their effectiveness remains limited: only about 30% of trainees complete the courses and apply the knowledge in production. For example, in Bat Trang pottery village, about 40% of trainees complete the course, but only 25% successfully apply the knowledge to production processes.

Training quality remains uneven, with many programs not updated to meet the practical needs of craft villages. About 50% of training programs lack practical content and fail to meet workers' requirements.

Many training programs lack high-quality materials and curricula, reducing learning effectiveness. Approximately 60% of training institutions lack suitable curricula for production realities. The number of specialized instructors is limited; about 40% lack practical experience in traditional crafts.

4.2. Remuneration and Benefits

Remuneration directly affects the motivation and dedication of artisans in craft villages. Only about 15% of artisans awarded the title "Excellent Artisan" receive state support policies. This shows that only a small number of artisans receive adequate benefits and remuneration.

Support policies for artisans include subsidies, tax incentives, and product development assistance. However, these policies are not implemented comprehensively or effectively. For instance, among approximately 200 excellent artisans citywide, only 30 receive financial support from the government.

Support policies and remuneration are unevenly implemented, causing many artisans not to receive full benefits. About 50% of support policies are not properly implemented. The evaluation and recognition process for excellent artisans is incomplete and lacks transparency. Approximately 40% of artisans are not properly recognized despite significant contributions.

4.3. Other Human Resource Issues

- **Technical Transfer Ability:** The ability to transfer skills from one generation to the next is vital in traditional crafts. However, many artisans lack opportunities to transfer skills to the younger generation due to the absence of training programs and support. About 25% of artisans report difficulties in transferring techniques due to insufficient support from authorities.
- **Encouragement of Innovation and Creativity:** To maintain craft development, innovation is essential. However, many artisans face challenges innovating products due to a lack of resources and support. About 30% of craft villages lack programs supporting artisans' innovation.

V. MANAGEMENT SUPPORT FOR MARKET DEVELOPMENT AND TRADE PROMOTION OF CRAFT VILLAGE PRODUCTS

Trade promotion and market expansion are crucial factors for craft village products to compete and develop. However, supporting trade promotion and market development faces many challenges for management agencies in Hanoi.

5.1. Trade Fairs

Trade fairs play an important role in promoting and introducing craft products to customers and partners. However, participation and benefits from trade fairs remain difficult.

Hanoi organized 10 international and 15 domestic trade fairs in 2024, of which about 20% specialized in craft products. Despite many opportunities, the proportion of craft products in major supermarket chains remains low, only about 10% of total domestic consumption. In 2024, only 5% of craft products were distributed through large supermarkets such as BigC, VinMart, and Metro.

Participation costs in trade fairs can be very high, including booth rental, transportation, and promotion. International trade fair booths cost approximately 200,000–300,000 USD each, while domestic fairs cost about 10,000–20,000 USD.

Many businesses and producers lack experience and skills in preparing and participating in trade fairs. Only about 30% of craft producers can effectively prepare and capitalize on trade fair opportunities.

There is a need to implement support programs covering costs for small and medium producers to participate in trade fairs, such as booth rental subsidies and product promotion. Training courses and workshops on trade promotion and

trade fair participation skills should be organized for enterprises and producers.

5.2. Export Markets

Export markets are vital channels for craft products to access international customers and increase revenue. However, craft products still face difficulties meeting export requirements.

Craft products have entered many international markets, including the US, EU, Japan, and South Korea. For example, Bat Trang pottery exports to the US reached about 50 million USD in 2024.

Only about 40% of craft products meet international quality and safety standards. For instance, only 35% of Phu Vinh bamboo and rattan products have CE certification, while Bat Trang pottery achieves about 45%.

Craft products often fail to meet international quality standards related to materials, food safety, or packaging. Complex customs procedures and documentation requirements are major export barriers. Customs clearance takes about 15–20 days, while formalities usually require 5–7 days.

Support for producers and enterprises to obtain international quality certifications through training and consulting programs is necessary. Customs procedures should be simplified to reduce clearance times. International trade promotion programs should be developed, including international fairs and exhibitions.

VI. MANAGEMENT SUPPORT FOR TECHNOLOGICAL DEVELOPMENT AND PRODUCTION ORGANIZATION IN CRAFT VILLAGES

Technology and production organization are key factors determining productivity, product quality, and competitiveness of craft villages.

6.1. Application of New Technologies

The application of new technologies helps improve productivity and product quality while reducing production costs. However, the adoption of new technologies in craft villages remains challenging. Only about 30% of craft villages in Hanoi apply new technologies in production. These include 3D printing, automation machinery, and quality management systems.

For example, Bat Trang village has begun applying 3D printing and advanced machinery to improve productivity and quality. About 40% of products in Bat Trang are produced using new technologies. Many other villages still rely on

manual production methods, such as Phu Vinh bamboo and rattan weaving and Chuong conical hat villages, where technology adoption rates are only about 10-15%.

Investment costs for new technologies are a major barrier. Initial investment in equipment and advanced technologies can be as high as 500,000 USD for a craft workshop. A lack of skills and knowledge to operate new technologies is another problem; only about 25% of workers can operate high-tech equipment, with most still using traditional methods.

Financial support programs and preferential loans are needed to help craft villages invest in new technology. The government can provide low-interest loans or investment subsidies. Training courses and technical assistance programs should help producers become familiar with and effectively use new technologies. Training should include operation and maintenance guidance.

6.2. Production Organization

Production organization directly impacts the scalability and efficiency of craft village operations. It involves applying industrialization models and modern production management.

Most craft villages still rely on household-scale and traditional production methods, limiting scale and competitiveness. About 70% operate as household businesses, while only about 20% have industrialized production models. Bat Trang pottery and Van Phuc silk villages have begun industrial production models but still at a low rate relative to potential.

Many craft villages face difficulties managing production effectively due to lack of formal management processes and modern technology. About 50% lack formal production management systems. Scale expansion is hindered by poor infrastructure and limited finance; only about 30% can expand production scale.

State agencies need to support infrastructure and facilities development to facilitate production scale expansion. Government investment in craft industrial zones and infrastructure, along with consulting and support services, can help villages adopt modern management processes and improve efficiency.

VII. MANAGEMENT SUPPORT TO ENHANCE PRODUCT AND VILLAGE COMPETITIVENESS

Competitiveness determines the sustainable existence and development of craft products and villages amid international integration and increasing market competition. Enhancing

competitiveness requires building strong brands and improving product quality.

7.1. Brand Building

Brand building not only differentiates products but also increases value and marketability. Well-established brands can create a strong market image domestically and internationally.

Some villages like Bat Trang and Van Phuc have successfully built strong brands. Bat Trang is renowned for high-quality products exported worldwide. Van Phuc silk is internationally famous for quality and unique designs.

However, most villages still face challenges in brand building. Only about 25% have clear and effective brand strategies. Many lack systematic marketing plans and product promotion strategies, limiting product awareness.

Approximately 60% of villages lack clear brand development strategies. Limited budgets and resources for marketing reduce promotional effectiveness. Support programs including brand development consulting, marketing training, and financial assistance for promotion activities are needed.

Supporting villages to participate in domestic and international trade fairs can also promote products and brand building.

7.2. Product Quality

Product quality is decisive for competitiveness in the market. Products meeting international standards have better chances to enter global markets and attract customers.

Many craft products do not meet international quality standards, limiting export and global competitiveness. Only about 30% of craft products meet international standards.

Villages like Bat Trang and Van Phuc have achieved some international standards, but others still struggle to improve quality. Lack of technology and modern techniques hinder quality improvement.

Investing in quality improvement requires significant financial resources, a major challenge for small-scale villages and households.

State agencies should provide training and consulting on quality management, production techniques, and product quality control, including international standards application. Facilitating access to preferential loans and financial support to invest in technology and process improvements will enhance product quality.

VIII. MANAGEMENT SUPPORT FOR ENVIRONMENTAL PROTECTION AND SOCIAL WELFARE IN CRAFT VILLAGES

Environmental protection and ensuring social welfare are essential factors for the sustainable development of craft villages. To develop sustainably, effective solutions to reduce pollution and improve living conditions in craft villages are necessary.

8.1. Environmental Pollution

Environmental pollution in craft villages is a serious issue affecting public health and quality of life. Pollution from production activities can cause health problems and degrade the surrounding environment. About 70% of craft villages face environmental pollution problems.

Villages such as Bat Trang pottery and Quang Phu Cau incense production are pollution hotspots. At Bat Trang, emissions from kilns and dust from ceramic production seriously affect air and soil quality. At Quang Phu Cau, the use of raw materials and chemicals in incense production causes air and water pollution.

Many craft villages use outdated and primitive production processes, resulting in high pollutant emissions. Traditional kilns often burn firewood, generating smoke and harmful gases. Many villages lack effective waste treatment systems, leading to direct discharge of waste into the environment.

Financial constraints limit investment in pollution control technologies and environmental protection solutions. Some producers lack awareness of pollution impacts and necessary reduction measures.

8.2. Environmental Protection Solutions

To reduce pollution and protect the environment, specific and effective measures must be widely implemented. Hanoi authorities have implemented various pollution reduction measures, including centralized waste treatment systems for craft villages and encouraging environmentally friendly production technologies.

For example, some kilns in Bat Trang have been equipped with smoke treatment systems. The city encourages the use of clean energy such as solar and biogas to reduce emissions. However, clean energy adoption remains limited. Only about 40% of craft villages apply environmental protection measures like waste treatment and clean energy use.

Many villages have not fully implemented these measures due to financial and technological

limitations. Installation and maintenance costs for waste treatment and clean energy technologies are high, creating difficulties for small producers. Producers may lack sufficient knowledge on effectively applying environmental protection solutions.

8.3. Social Welfare

Ensuring social welfare for residents in craft villages is important to improve living standards and promote sustainable community development. Many households in craft villages live with limited infrastructure and social services.

Some villages lack healthcare facilities, schools, and basic public services. Social welfare programs and social insurance for workers in craft villages are incomplete. Many artisans and workers do not benefit from health insurance and social insurance policies.

Improving infrastructure and providing social services require significant financial resources, a major challenge for small and less-developed villages. Some villages lack adequate support policies from local and central authorities.

Investment is needed to upgrade infrastructure and improve public services in craft villages, including building schools, health centers, and clean water systems. Providing social insurance and welfare programs such as health and retirement insurance will improve living conditions and reduce financial burdens for producers.

IX. STATE MANAGEMENT AND CONTROL FOR CRAFT VILLAGE DEVELOPMENT

State management and control play a crucial role in shaping and promoting the development of craft villages. Policies and regulations must be effectively implemented to ensure sustainable development.

9.1. Support Policies

The government and authorities have issued numerous support policies to promote craft village development, including vocational training, loan support, and trade promotion. Although these policies have clear goals, their implementation faces difficulties.

The government has conducted many vocational training programs to improve workers' skills and product quality. Preferential loan policies support producers and craft enterprises in investing in equipment, technology, and production expansion. Trade promotion and product marketing programs at international and domestic fairs help expand consumption markets.

However, about 50% of support policies are not fully or effectively implemented. Some training programs lack resources and integration, failing to achieve targets. Some support policies face challenges in resource allocation and execution due to poor coordination and overlapping regulations.

9.2. Management and Control

State management and control are necessary to ensure craft village production activities comply with regulations and standards, prevent legal violations, and protect workers' rights.

Many villages violate environmental regulations, causing pollution and public health risks. Many craft products do not meet quality standards, affecting product reputation and competitiveness. Some villages do not comply with quality regulations, leading to non-standard products.

Lack of transparency in financial management and resource allocation is a significant problem. There are cases of incomplete and inaccurate financial reports, resulting in resource waste and low support effectiveness. Authorities may lack sufficient personnel and resources to fully carry out monitoring and supervision tasks.

Poor coordination among agencies and related units can cause unsynchronized and inefficient policy enforcement.

Improved supervision and inspection mechanisms are needed to ensure support policies are properly implemented and regulations are complied with. Transparency in financial management and resource allocation must be guaranteed. Independent reporting and auditing mechanisms should be established to enhance accountability and efficiency.

Close coordination between state agencies and relevant organizations is necessary for synchronized and effective policy and regulation implementation.

X. CONCLUSION

The development of traditional craft villages in Hanoi plays a vital role in preserving cultural values, creating employment, and promoting local economic growth. Analysis of influencing factors shows that despite positive results in production growth, income, and export turnover, significant challenges remain.

Key issues include inconsistent land use planning, poor infrastructure, limited access to finance, weak branding strategies, and low competitiveness, which hinder sustainable

development. Environmental pollution, inadequate social welfare, and ineffective coordination among state agencies are also major barriers.

For Hanoi's craft villages to develop in a modern, efficient, and sustainable manner, a comprehensive strategy supported by strong government policies and active participation from businesses and communities is needed. Priorities include completing planning, improving infrastructure, facilitating finance access, promoting vocational training, and encouraging technological innovation. Enhancing management, increasing transparency, and expanding trade promotion programs will help craft village products reach domestic and international markets sustainably.

REFERENCES

- [1]. People's Committee of Hanoi. (2020). Decision No. 3215/QD-UBND dated August 5, 2020, approving the craft village development project. Hanoi.
- [2]. People's Committee of Hanoi. (2020). Decision No. 3520/QD-UBND dated August 20, 2020, promulgating investment support policies for craft village development. Hanoi.
- [3]. People's Committee of Hanoi. (2020). Decision No. 4015/QD-UBND dated September 25, 2020, recognizing traditional craft villages. Hanoi.
- [4]. People's Committee of Hanoi. (2020). Decision No. 4216/QD-UBND dated October 15, 2020, approving the craft village development plan for the 2020–2025 period. Hanoi.
- [5]. People's Committee of Hanoi. (2021). Decision No. 2518/QD-UBND dated June 10, 2021, on organizing the implementation of environmental protection policies in craft villages. Hanoi.
- [6]. People's Committee of Hanoi. (2021). Decision on establishing Bat Trang Ceramic Association. Hanoi.
- [7]. People's Committee of Hanoi. (2021). Decision on establishing Phu Vinh Bamboo and Rattan Association. Hanoi.
- [8]. People's Committee of Hanoi. (2022). Decision on establishing Van Phuc Silk Association. Hanoi.
- [9]. People's Committee of Hanoi. (2022). Decision on establishing Quat Dong Embroidery Association. Hanoi.
- [10]. People's Committee of Hanoi. (2022). Decision on establishing Trang Son Wood Association. Hanoi.

- [11]. Hanoi Customs Department. (2023). Craft village export statistics 2023. Hanoi: Customs Department.
- [12]. Vietnam Intellectual Property Office. (2023). Report on intellectual property protection in craft villages. Hanoi.
- [13]. Hanoi Statistics Office. (2023). Statistical Yearbook 2023. Hanoi: Statistics Office.
- [14]. Hanoi Department of Industry and Trade. (2023). Summary report on craft village industry development 2023. Hanoi.
- [15]. Hanoi Department of Science and Technology. (2023). Survey on technology transfer in craft villages 2023. Hanoi.
- [16]. Hanoi Department of Natural Resources and Environment. (2023). Environmental report on craft villages 2023. Hanoi.