



## A TRANSITION TOWARDS HIGHER ADDED VALUE OF NATURAL RESOURCE BASED PRODUCTS: CASE STUDY OF ACACIA TIMBER VALUE CHAINS IN CENTRAL VIETNAM

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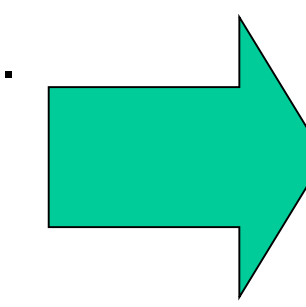
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### INTRODUCTION

- Vietnam currently ranks as the **fourth largest** global **furniture exporter** and the **largest woodchip exporter** (1).
- High added value products** such as wood furniture generated up to 70% of the total export turnover in the timber and timber product segment in 2017 (2).
- Forest plantations** yielded around 18 million m<sup>3</sup> of round wood p.a., **80%** of plantation wood is processed into **woodchip**.
- Around half** of the **plantation forest** area in Vietnam are managed by **small-scale producers**.
- Acacia hybrid** (*Acacia auriculiformis* x *Acacia mangium*) gains popularity due to its **multi-purpose use** and **shorter-rotation** (3).



### OBJECTIVE

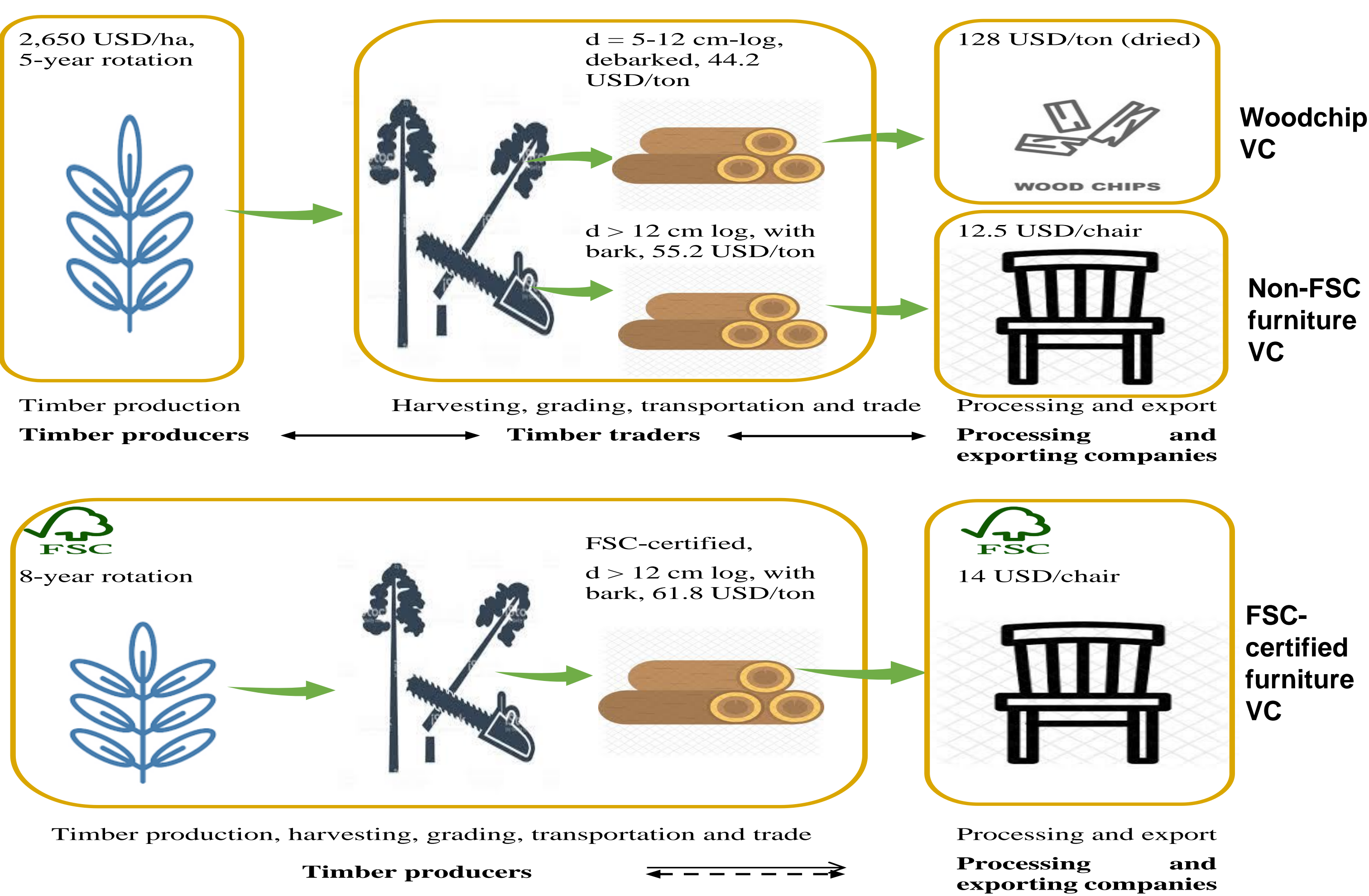
Compares the **financial** and **economic** performance of **woodchip**, **non-FSC furniture** and **FSC-certified furniture** VC in Thua Thien Hue province, central Vietnam

### METHODOLOGY

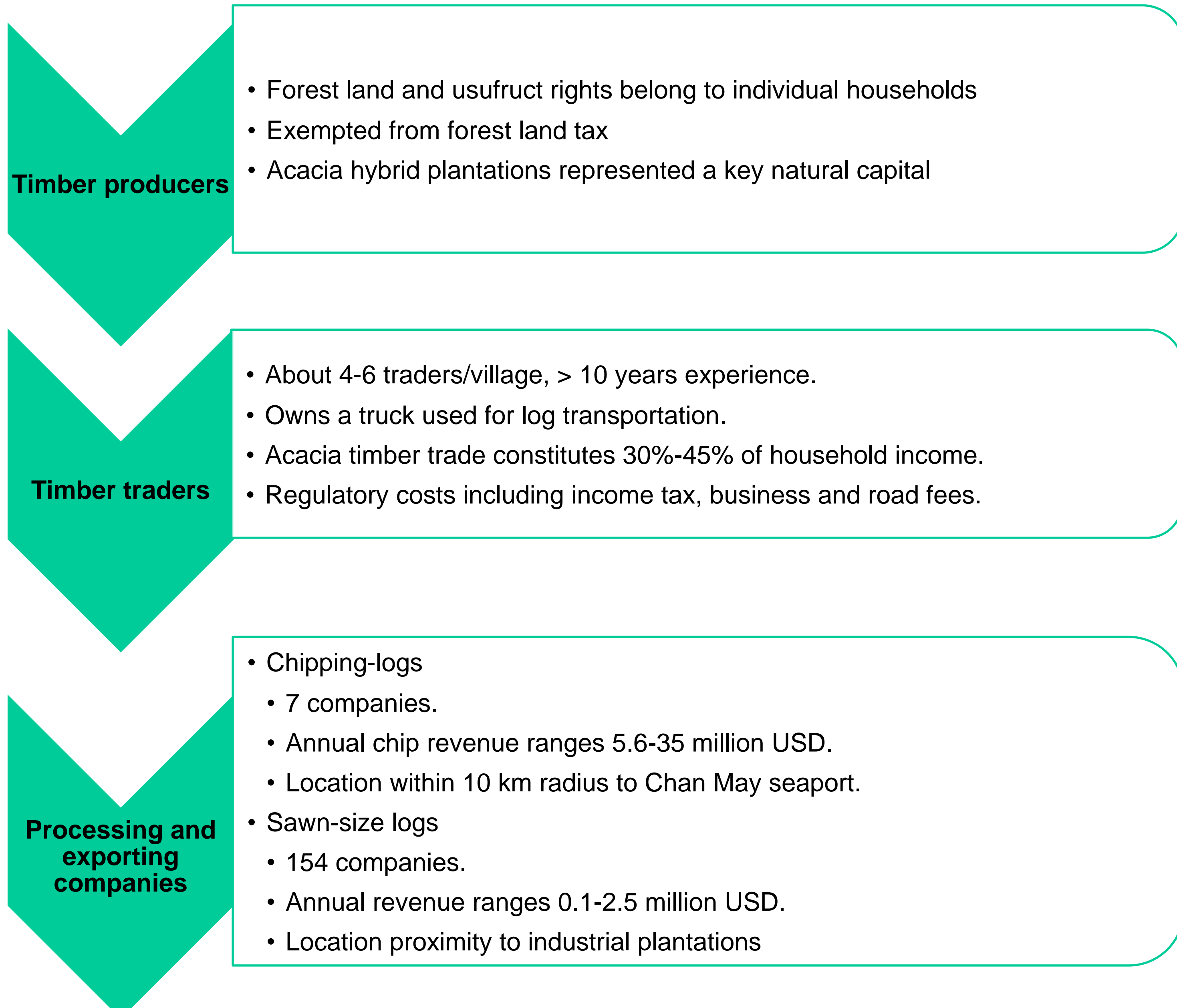
- Theoretical framework: Value chain framework
- Conducted in-depth interviews with 30 timber producers, eight timber traders, one woodchip and one furniture processing and exporting company.
- Six group discussions and 26 expert interviews and direct observations.

### KEY FINDINGS

a, Overview of three Acacia hybrid timber VCs



b, Performance of VC participants



### KEY FINDINGS (CONT)

c, VC Comparison

#### Added value generation



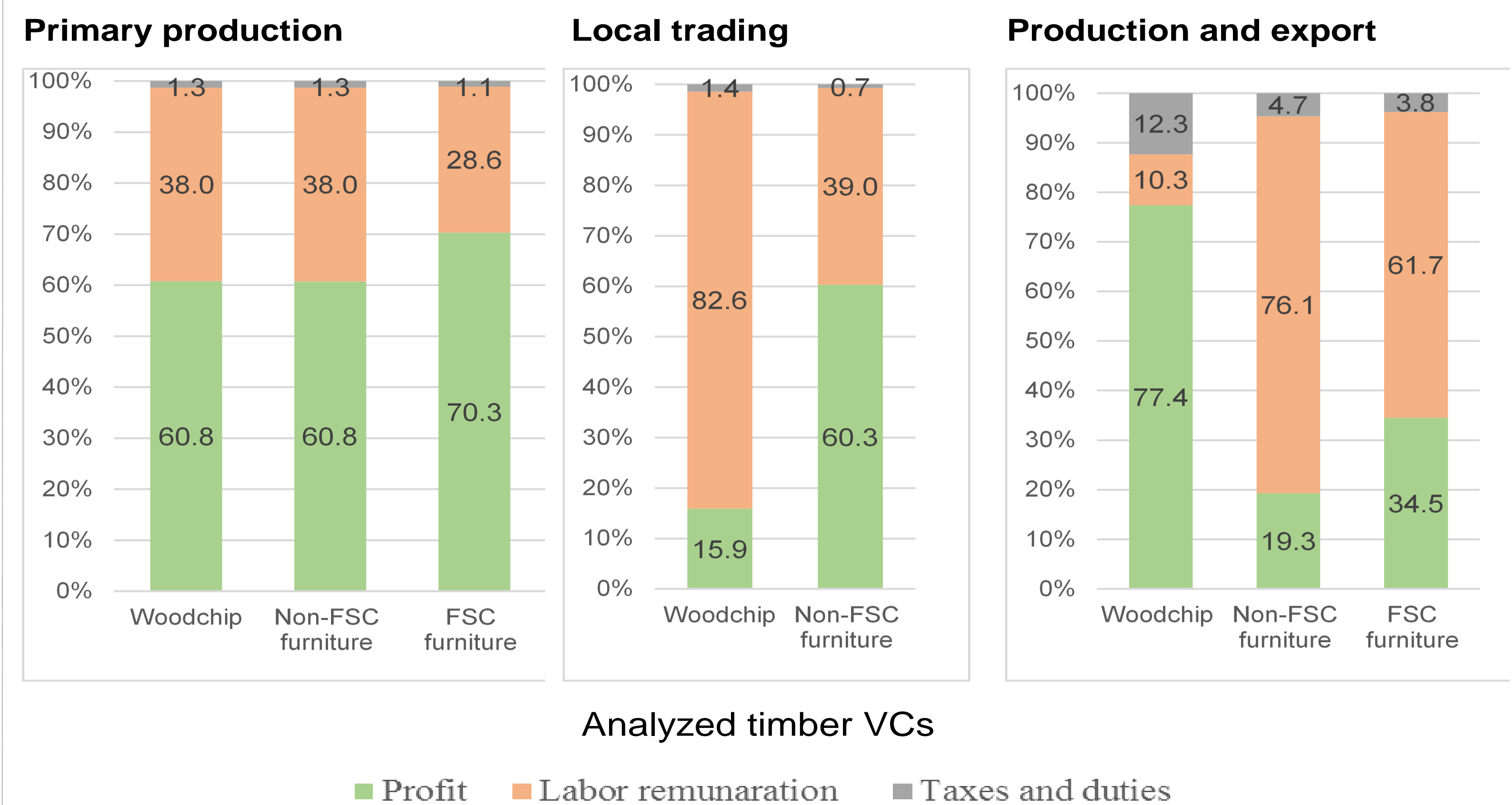
Total **added value** and added value captured by chain participants in **FSC-certified furniture VC** was highest.

VC stages	Woodchip VC		Non-FSC furniture VC		FSC-certified furniture VC	
	USD/m <sup>3</sup>	%	USD/m <sup>3</sup>	%	USD/m <sup>3</sup>	%
Primary production	7.9	30.0	7.9	1.4	9.1	1.4
Local trading	6.9	26.2	14.6	2.6	-	-
Production and export	11.5	43.8	534.7	96.0	659.4	98.6
<b>Total</b>	<b>26.3</b>	<b>100</b>	<b>557.2</b>	<b>100</b>	<b>668.5</b>	<b>100</b>

#### Added value appropriation



Most generated value was captured by the **VCs' actors** and **remuneration for workers**, followed by government attainment



### CONCLUSION



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- MARD, 2019. The Overall Status of Vietnam Timber and Forest Products Processing and Exporting Sectors. Presented at the Processing and Exporting Sectors of Timber and Forest Products in 2018-Success, Lessons Learned and Breakthrough Solutions for 2019, Hanoi, Vietnam.
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