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 m³ 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 × Acacia mangium) gains popularity due to its multi-purpose use and shorter-rotation (3).

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

1. FSC-certified furniture VC, 8-year rotation

Woodchip VC

Processing and export

Primary production

Local trading

Production and export

Non-FSC furniture VC

Timber production, harvesting, grading, transportation and trade

harvesting, grading, transportation and trade

Processing and export

Woodchip VC

• Forest land and usufruct rights belong to individual households
• Exempted from forest land tax
• Acacia hybrid plantations represented a key natural capital

b. Performance of VC participants

• About 4-6 traders/village, > 10 years experience.
• Owns a truck used for log transportation.
• Acacia timber trade constitutes 30%-45% of household income.
• Regulatory costs including income tax, business and road fees.

CONCLUSION

• Woodchip VC is financial profitability
• FSC-certified furniture VC is relatively efficient in economic sphere
• FSC certification application should be considered carefully
• Expansion of single hybrid in short rotation plantations may lead to other land uses competition and future vulnerability and high environmental costs
• Changes in political, social and economic conditions are required

KEY FINDINGS (CONT)

Added value generation

<table>
<thead>
<tr>
<th>VC stages</th>
<th>Woodchip VC</th>
<th>Non-FSC furniture VC</th>
<th>FSC-certified furniture VC</th>
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<tr>
<td></td>
<td>USD/m³</td>
<td>%</td>
<td>USD/m³</td>
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<td>Primary production</td>
<td>7.9</td>
<td>30.0</td>
<td>7.9</td>
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<td>Local trading</td>
<td>6.9</td>
<td>26.2</td>
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<td>Production and export</td>
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<td>Total</td>
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Added value appropriation

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

References:

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