



26th IUFRO World Congress

Stockholm, Sweden, 23–29 June 2024

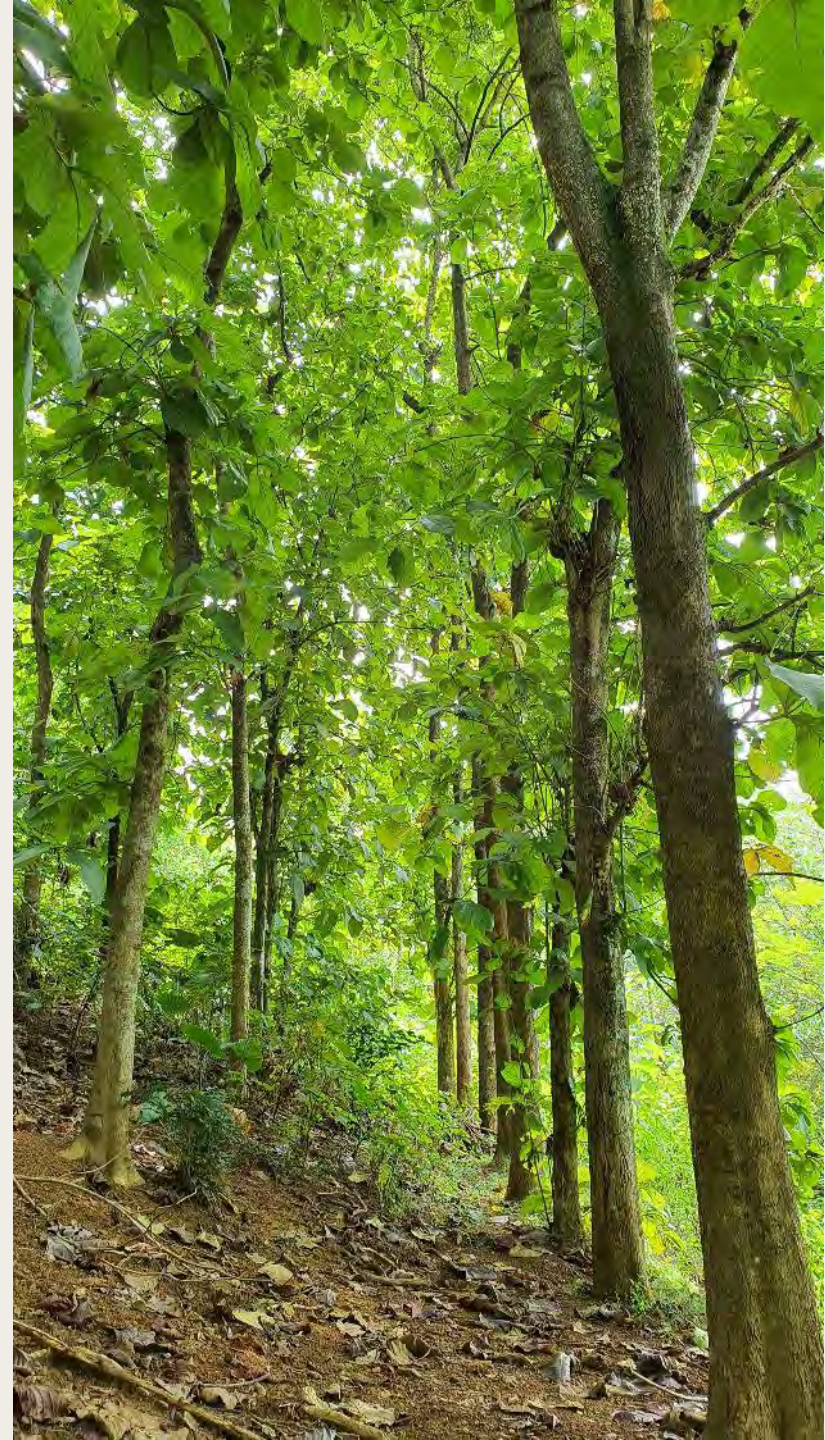
DEVELOPMENT OF SMALLHOLDER TEAK PLANTATIONS IN VIETNAM

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Outline

- Vietnam timber production 2023
- History of Teak planting in Vietnam
- Current Teak plantation in Vietnam
- Advantages and constraints of smallholder Teak plantation development
- Supporting smallholder Teak plantation development by ITTO Teak Project
- Conclusion and recommendations



Vietnam timber production 2023



14.8 M.ha forested area; **42%** cover rate

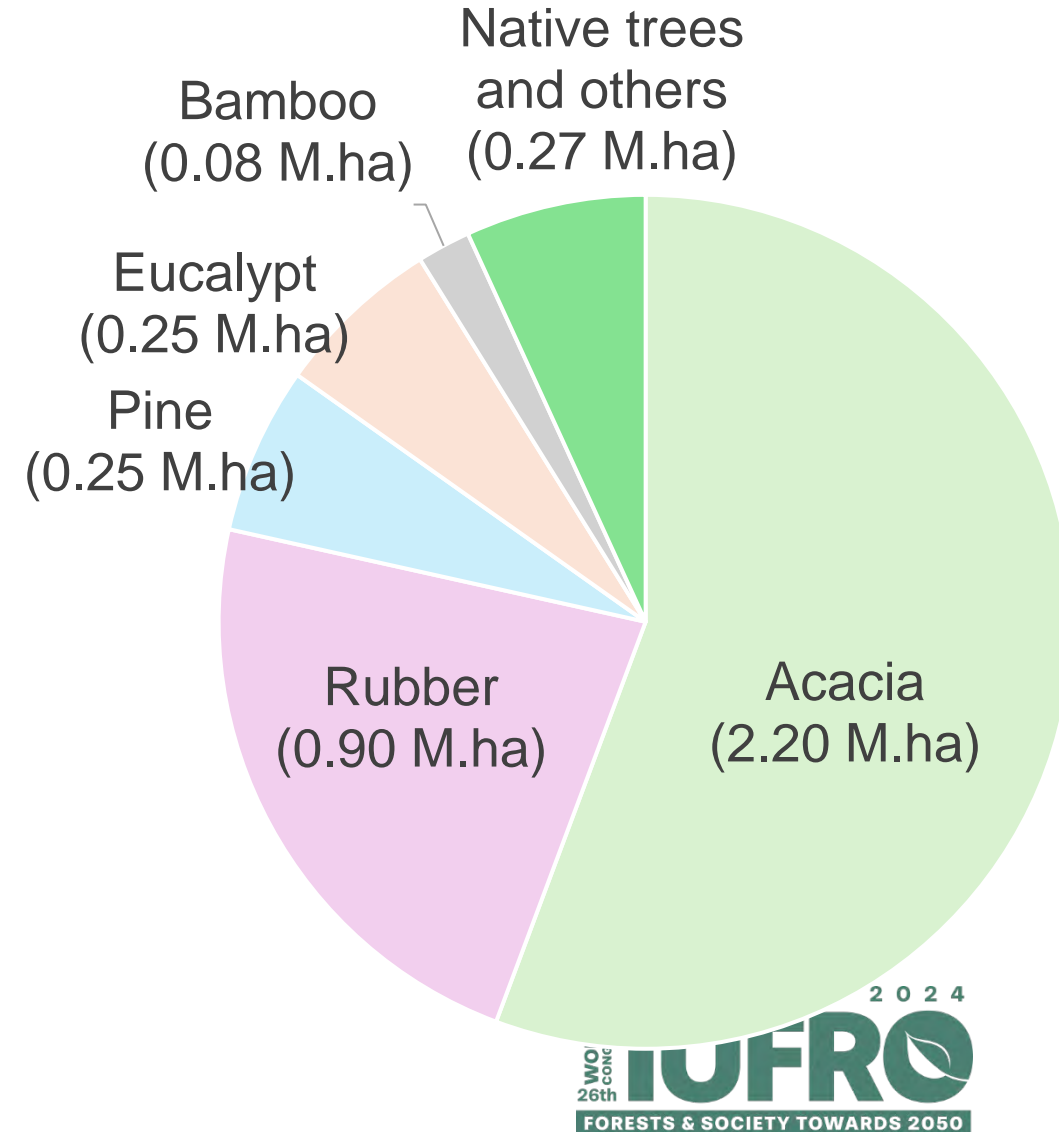
- **10.1** M.ha natural forest
- **4.7** M.ha planted forest:
 - ✓ **3.95** M.ha of timber production forest
 - ✓ **>70%** managed by smallholders of 1-3 ha/household)



- **30** M.m³ timber harvest annually
- **5.800** timber processing enterprises
- **515** FDI timber processing companies



- **13.46** B. USD exporting wood products
- **8.12** B. USD furniture
- **2.22** B. USD woodchips
- **0.68** B. USD wood pellets
- **2.44** B. USD artificial boards and others



History of Teak planting in Vietnam

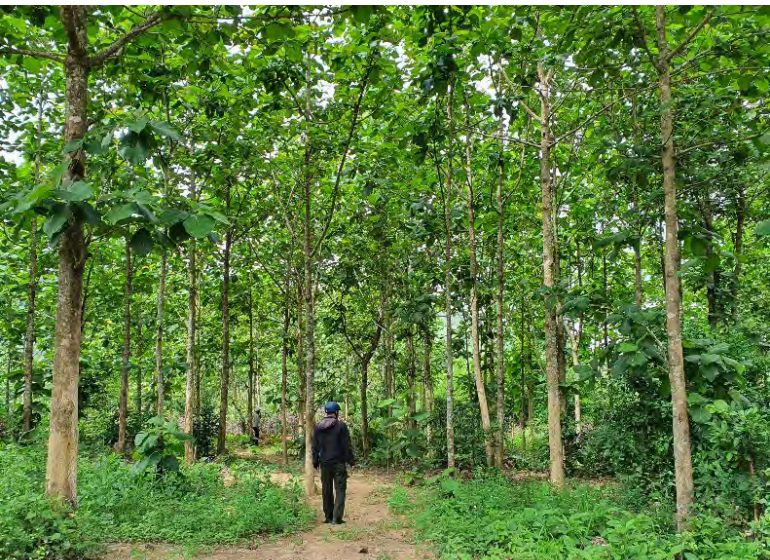
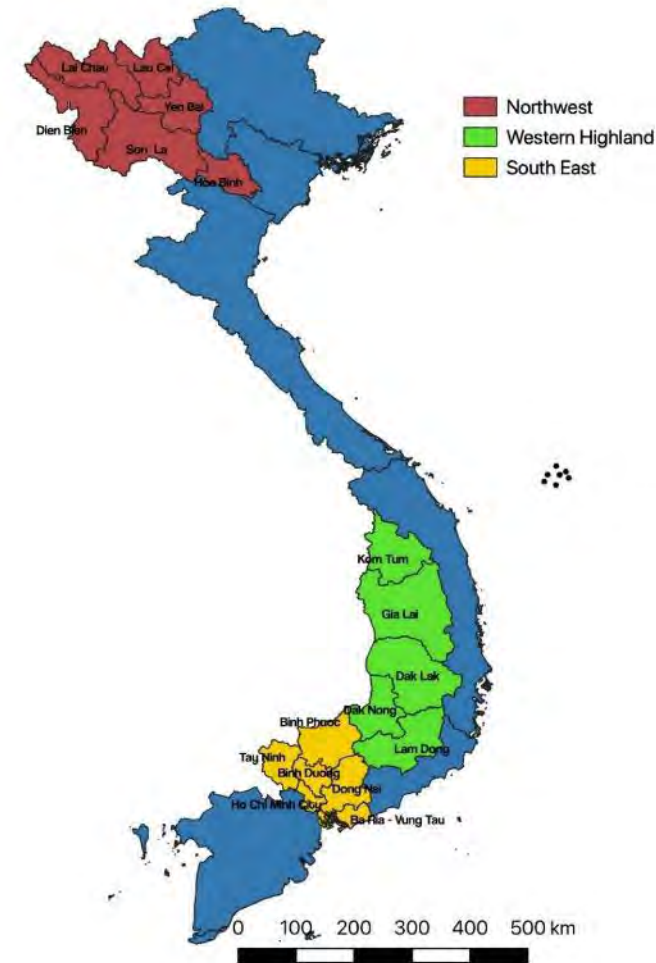
- **1899:** First introduced to Vietnam
- **1939 – 1962:** Trial planted from the North to the South
- **1960s on ward:** Planted widely in the Southeast, Central Highland and Northwest, but with little success



Current Teak plantation in Vietnam

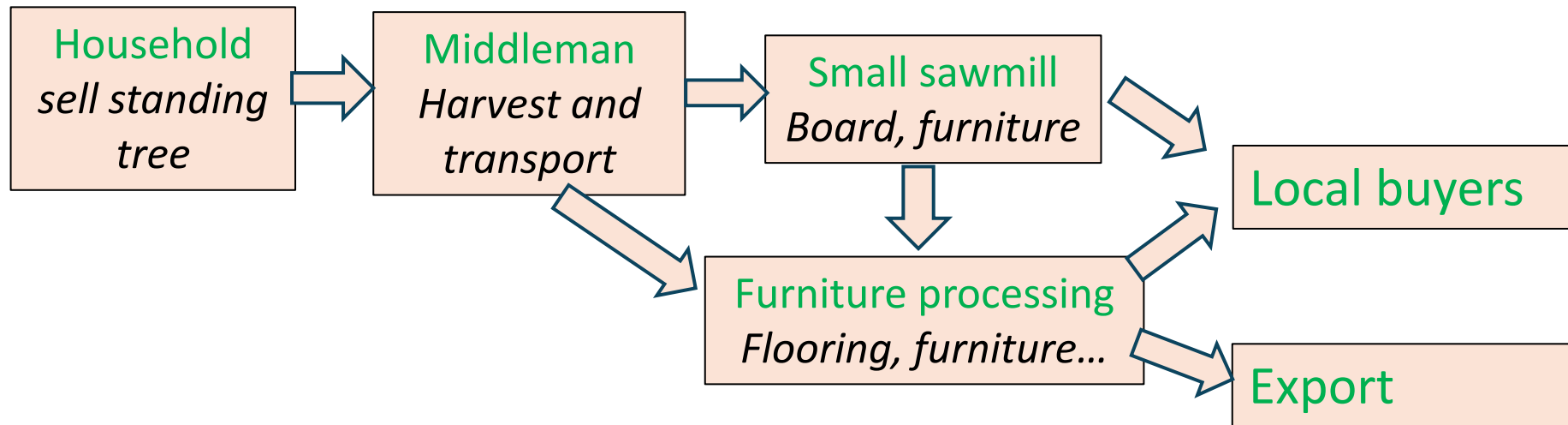
Plantation area (1,000 ha)	Age classes (%)			
	0-20 yrs	21-40 yrs	41-60 yrs	61-80 yrs
7.65	72.5%	24.1%	0%	3.3%

74% managed by households and 26% by private/state corporation
Productivity (MAI; m³/ha/year): 5-12



Smallholder Teak value chain in Son La province

- Planted by smallholders in 1990s supported by some projects.
- The existing plantation is about 4,000 ha
- From 2015, farmers started thinning or harvesting, about 10,000 m³/year



Teak value chain in Son La province

Income of farmer in a 20-year rotation	Year	Income (USD)
	Income after 20 year	9,064
	Income/m ³	91
	Income/m ³ /year	4.55

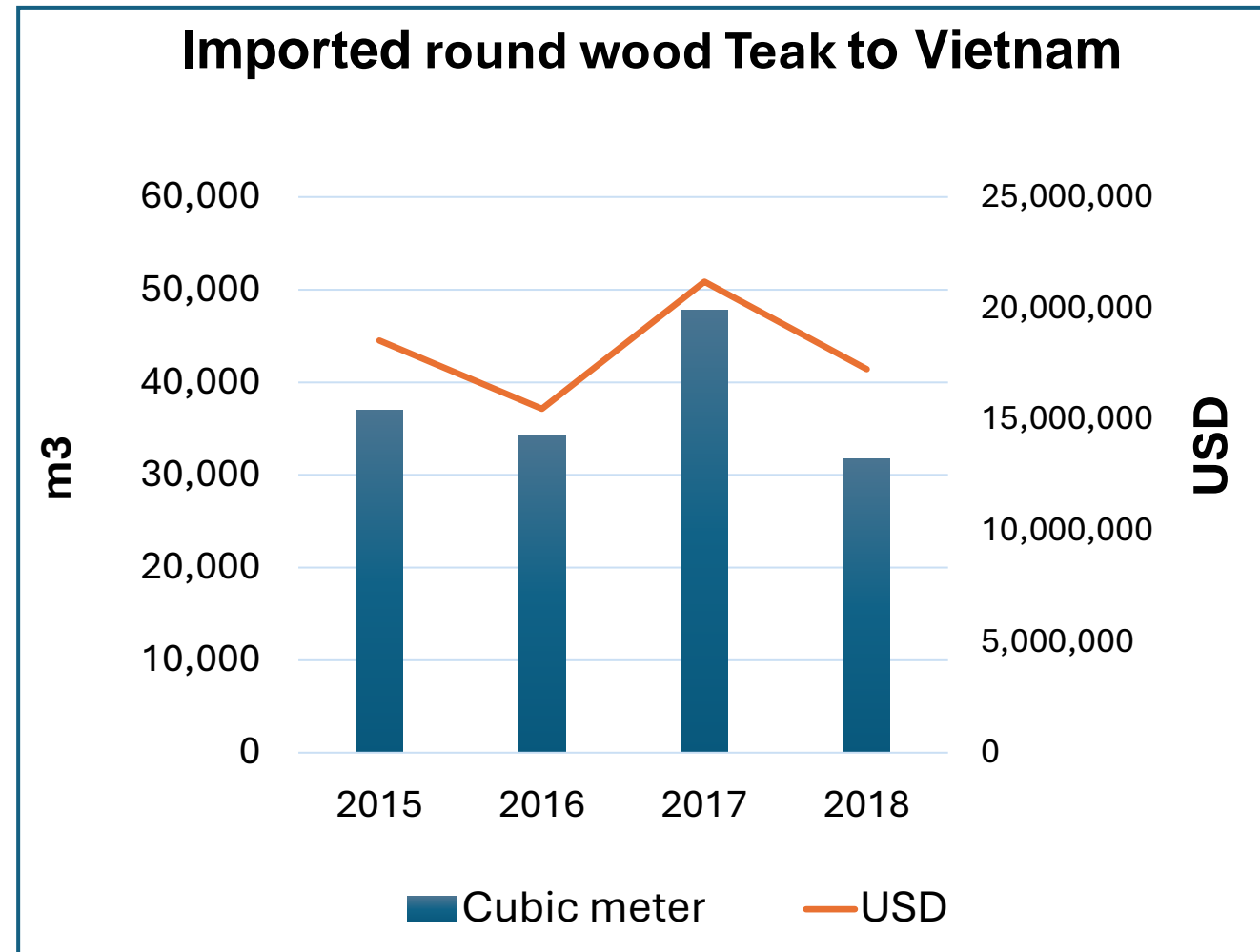
Income of middlemen	Log diameter (without bark)	% of logs	Cost (USD/m ³)	Sale (USD/m ³)	Profit (USD/m ³)
	<11cm	35	87	104	17
	11-15cm	20	183	210	27
	16-20cm	20	226	256	30
	20-24cm	10	270	300	30
	≥25cm	15	348	391	43
	Average				26.8

Profit of different actors in the value chains	Actor	Profit (USD/m ³)	Rate (%)
	• Farmer (year/m ³)	4.55	2.67
	• Middleman	26.8	15.72
	• Sawmill	139.1	81.61



Advantages of smallholder Teak development in Vietnam

- Secure land tenure and ownership
- High demand of Teak timber
- Active actors, especially middlemen and wood processors
- Good market (both domestic and export)
- Good policy on timber legality insurance system, certification...



Constraints of smallholder Teak development in Vietnam

- Limited improved germplasm or seed source
- Low productivity in some area (degraded and acidic soils)
- Small-scale(1-3 ha/household), low capacity (silviculture knowledge and finance) for long harvesting rotation
- Lack of incentives for long-rotation planting (low value chain, market engagement, micro-finance mechanism...)



Supporting smallholder Teak plantation development by the ITTO Teak Project

- **Improvement of germplasm and seed sources**
 - ✓ Selected hundreds of plus trees
 - ✓ Importing improved clones from Laos, Thailand



- **Capacity building:**

- ✓ National workshops on Teak
- ✓ Trainings on nursery and silviculture techniques for local extensionists, forestry officers and selected farmers

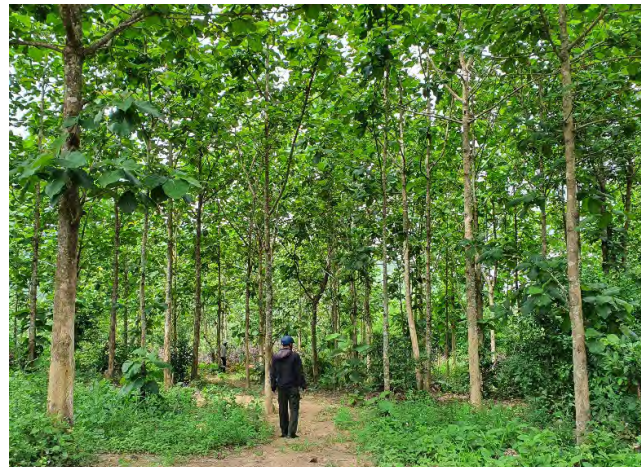


- **Development of demonstration plots:**
 - Trials of silviculture treatments
 - Teak planting in different regimes, such as plantation, agroforestry, scattered planting...



- Supporting teak smallholder group certification:

Support a wood processing company to cooperate with Teak planting smallholders to develop a smallholder group certification in Dak Lak province (500 ha)





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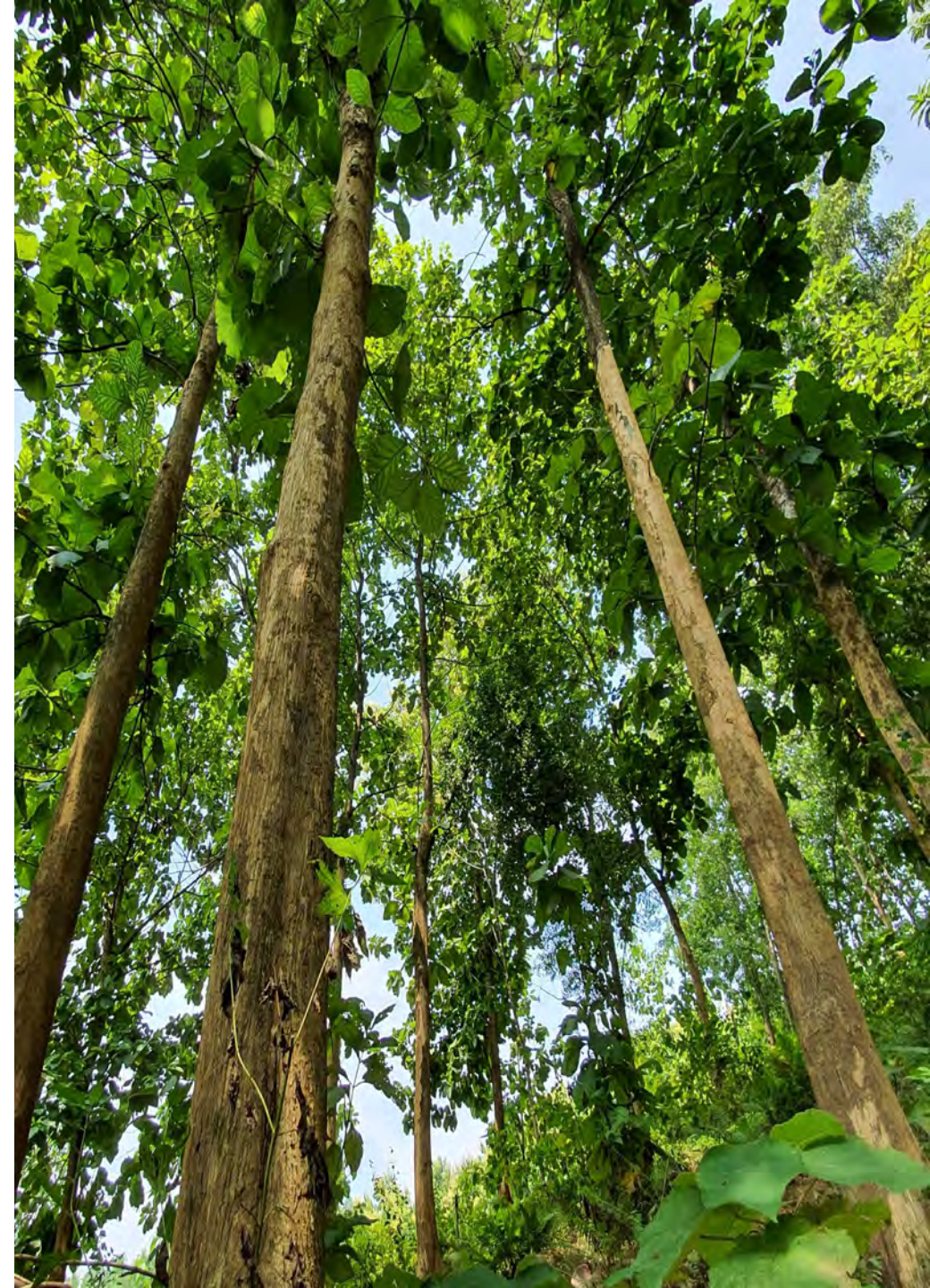




July 11, 2023

Conclusion and Recommendations

- High potential for development of smallholder Teak plantation in Vietnam
- Need many supports for boosting teak growth by:
 - ✓ Improvement of germplasm quality and seedling production
 - ✓ Technical capacity building to teak growers and stakeholders (forestry officer, extensionist...)
 - ✓ Development of diverse silviculture options for diversifying income regime (teak-based agroforestry, intensive planting for short rotation, tree-outside-forest planting...)
 - ✓ Improvement of the value chain and marketing by building partnerships among the chain actors, especially the primary processors, middlemen and the growers... via group certification
 - ✓ Micro-finance mechanism for long-term investment, are promising solutions.





Federal Ministry
of Food
and Agriculture



Thank you for your attention!



**ITTO-TEAK
IN MEKONG**



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