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Vietnam-German Program for SME Development

Workshop

Rattan Value Chain study

Tam Ky, 17 January 2006

By Dr. Thai Thanh Ha

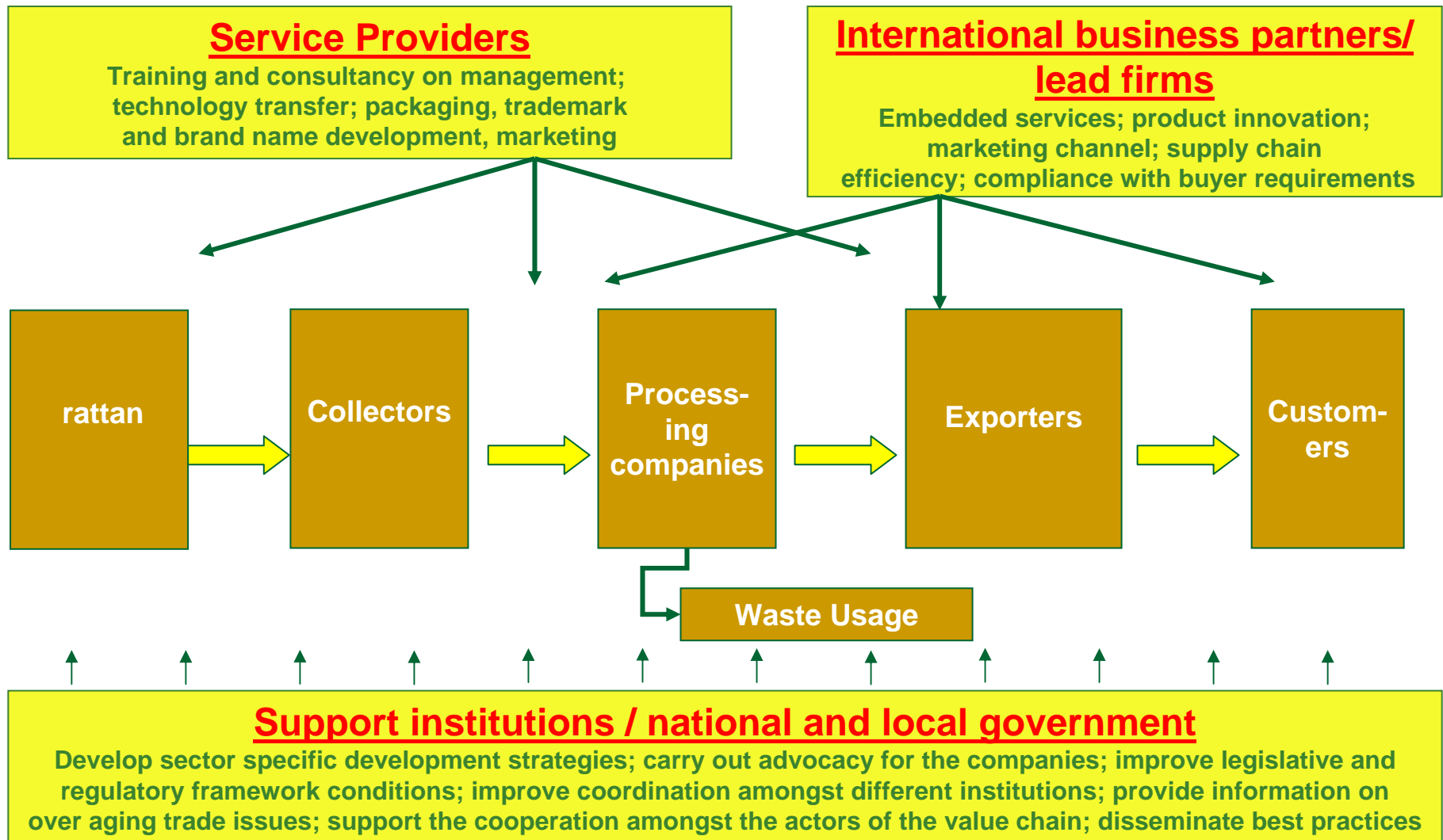
Value Chain approach

Objective: **Business and cooperative relationships** between the stakeholders (production, processing, trade, services) of selected sub-sectors are strengthened

- Leads to improved institutional capacity and cooperation linkages in the sub-sector
- Better access of producers to national and international markets
- Higher value added created locally, higher industrial output and exports, and thus higher income



Rattan value chain and potential intervention areas



Again: the goal is to **add value** to the local products

By...

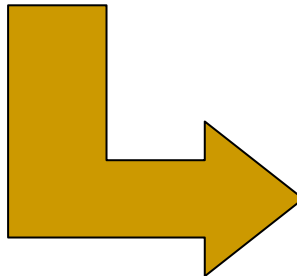
- improving **product quality**
- improving **post harvest technology**
- Improving **supply chain efficiency**
- fulfilling **international standards** such as ISO 9000 and 14000, SA 8000, etc.

...and...

- Adding **processing** steps
- Innovating **new products**
- Applying modern **package designs**
- **Branding** the products

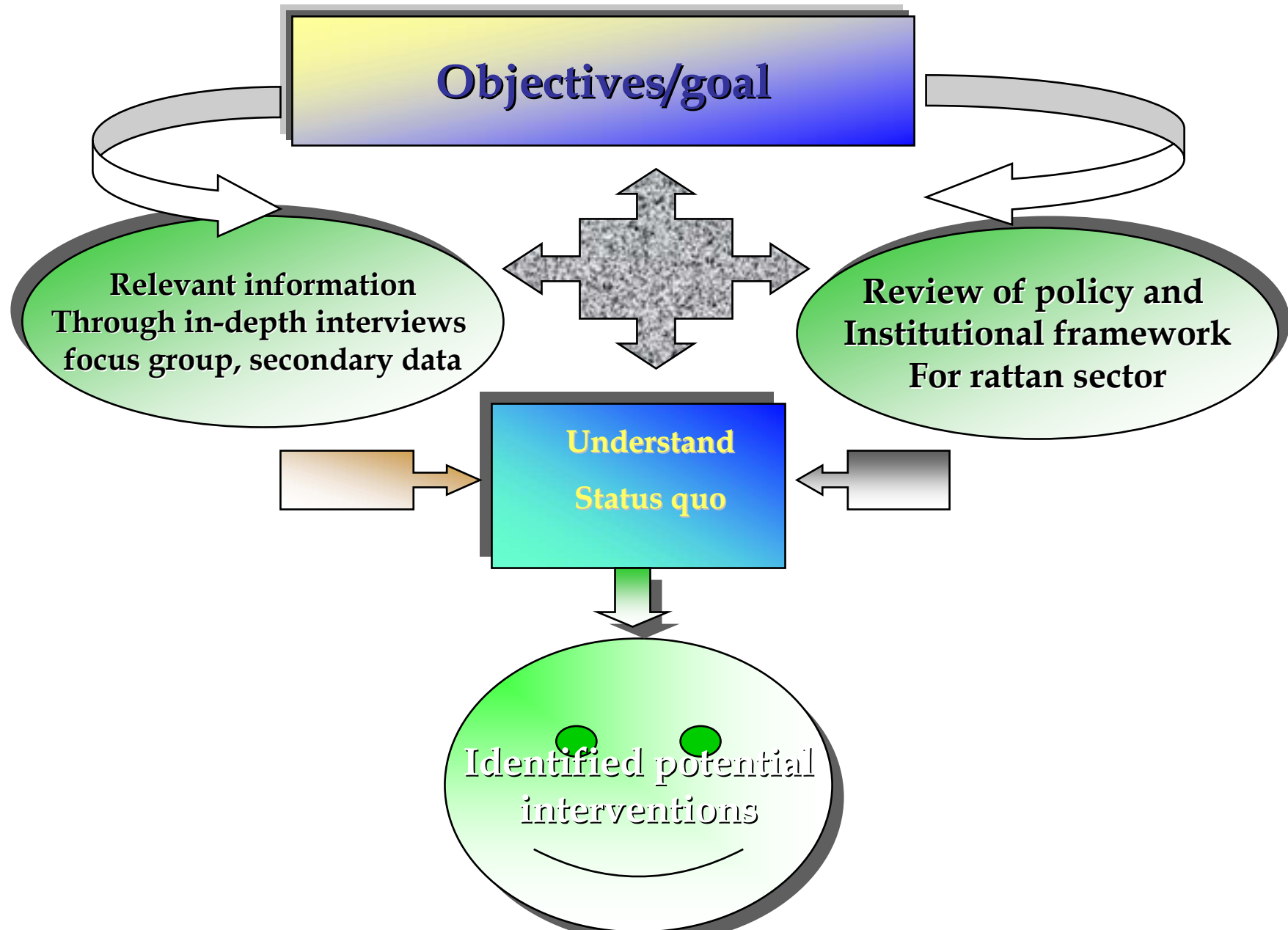
And this results into

- Higher **income to the farmers** (through better prices and/or increased efficiency)
- Higher **income to the processors** (through better prices and/or increased efficiency)
- **New markets** for exporters or traders (through improved quality, product innovations or brand names)
- **Stable trading relations** (through better linkages with local and international buyers)



- Higher **export earnings**
- **More investment**
- **More jobs**
- **Environmental sustainability** of the sub-sectors

Rattan Fact-finding mission in Quang Nam ^{gtz}





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764	Thailand	1988 , 1989 , 1990 , 1991 , 1992 , 1993 , 1994 , 1995 , 1996 , 1997 , 1998 , 1999 , 2000 , 2001 , 2003 , ALL
768	Togo	1991 , 1994 , 1995 , 1996 , 1997 , 1998 , 1999 , 2000 , 2001 , 2004 , ALL
780	Trinidad and Tobago	1999 , 2001 , 2002 , 2003 , ALL
788	Tunisia	1990 , 1991 , 1992 , 1993 , 1994 , 1995 , 1996 , 1997 , 1998 , 1999 , 2000 , 2001 , 2002 , 2003 , 2004 , ALL
792	Turkey	1990 , 1993 , 1997 , 1998 , 1999 , 2000 , 2002 , 2003 , ALL
800	Uganda	1994 , 1995 , 2000 , 2001 , 2002 , ALL
804	Ukraine	2001 , ALL
826	United Kingdom	1988 , 1989 , 1990 , 1991 , 1992 , 1993 , 1994 , 1995 , 1996 , 1997 , 1998 , 1999 , 2000 , 2001 , 2002 , 2003 , 2004 , ALL
834	United Rep. of Tanzania	1996 , 1997 , 1998 , 2003 , ALL
858	Uruguay	1993 , 1994 , 1995 , 1996 , 1997 , 1998 , 1999 , 2000 , 2001 , 2002 , 2003 , 2004 , ALL
842	USA	1989 , 1990 , 1991 , 1992 , 1993 , 1994 , 1995 , 1996 , 1997 , 1998 , 1999 , 2000 , 2001 , 2002 , 2003 , 2004 , ALL
862	Venezuela	1990 , 1991 , 1992 , 1993 , 1994 , 1995 , 1996 , 1997 , 1998 , 1999 , 2000 , 2001 , 2002 , 2003 , 2004 , ALL
704	Viet Nam	2000 , 2001 , 2002 , 2003 , ALL
887	Yemen	2004 , ALL
894	Zambia	1995 , 1998 , 2000 , 2002 , ALL
716	Zimbabwe	1990 , 1991 , 1992 , 1993 , 1994 , 1995 , 1996 , 1997 , 1999 , 2001 , 2002 , 2004 , ALL

The world's recent exports of rattan and top rattan exporters

Top Exporters in recent years (total 2001-04)		Recent Export Years in the world	
Countries	Trade Value	Period	Trade Value
Indonesia (36.9%)	\$68,862,894	2004	\$45,654,253
Singapore (26.5%)	\$49,351,016	2003	\$49,535,579
China, Hong Kong SAR (23.4%)	\$43,607,002	2002	\$42,739,213
China (3.8%)	\$7,011,113	2001	\$46,817,324
Vietnam (2.9%, only 2001-03)	\$6,476,000	<u>Average</u>	<u>\$46,186,592</u>
Malaysia (1.8%)	\$3,354,112		
Other countries (4.8%)	\$7,805,813		
Total Export: \$186,467,950			

Source: COMTRADE database, UN statistics

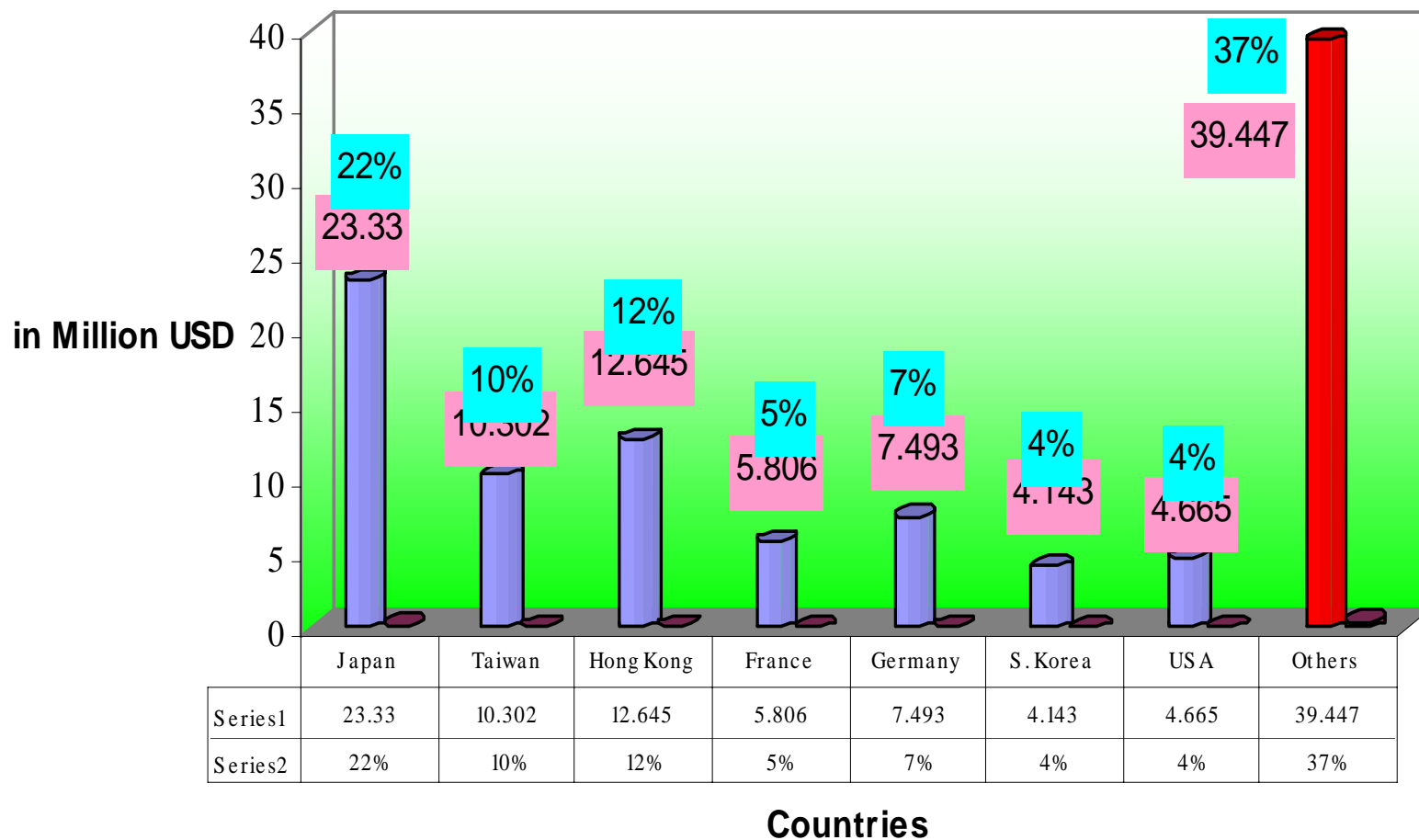
The world's recent imports of rattan and top rattan importers

Top Importers in the selection		Recent Import Years in the world	
Countries	Trade Value	Period	Trade Value
China (38.6%)	\$101,639,122	<u>2004</u>	\$55,341,578
China, Hong Kong SAR (12.3%)	\$32,496,915	<u>2003</u>	\$62,296,137
EU (10.4%)	\$27,328,891	<u>2002</u>	\$56,218,001
Singapore (6.9%)	\$18,121,830	<u>2001</u>	\$62,350,997
USA (4.2%)	\$11,011,412	<u>Average</u>	<u>\$59,051,678</u>
Vietnam (3.5%)*	\$7,730,000		
Other countries (24.2%)	\$65,207,434		
<u>Total rattan Import: \$236,206,713</u>			

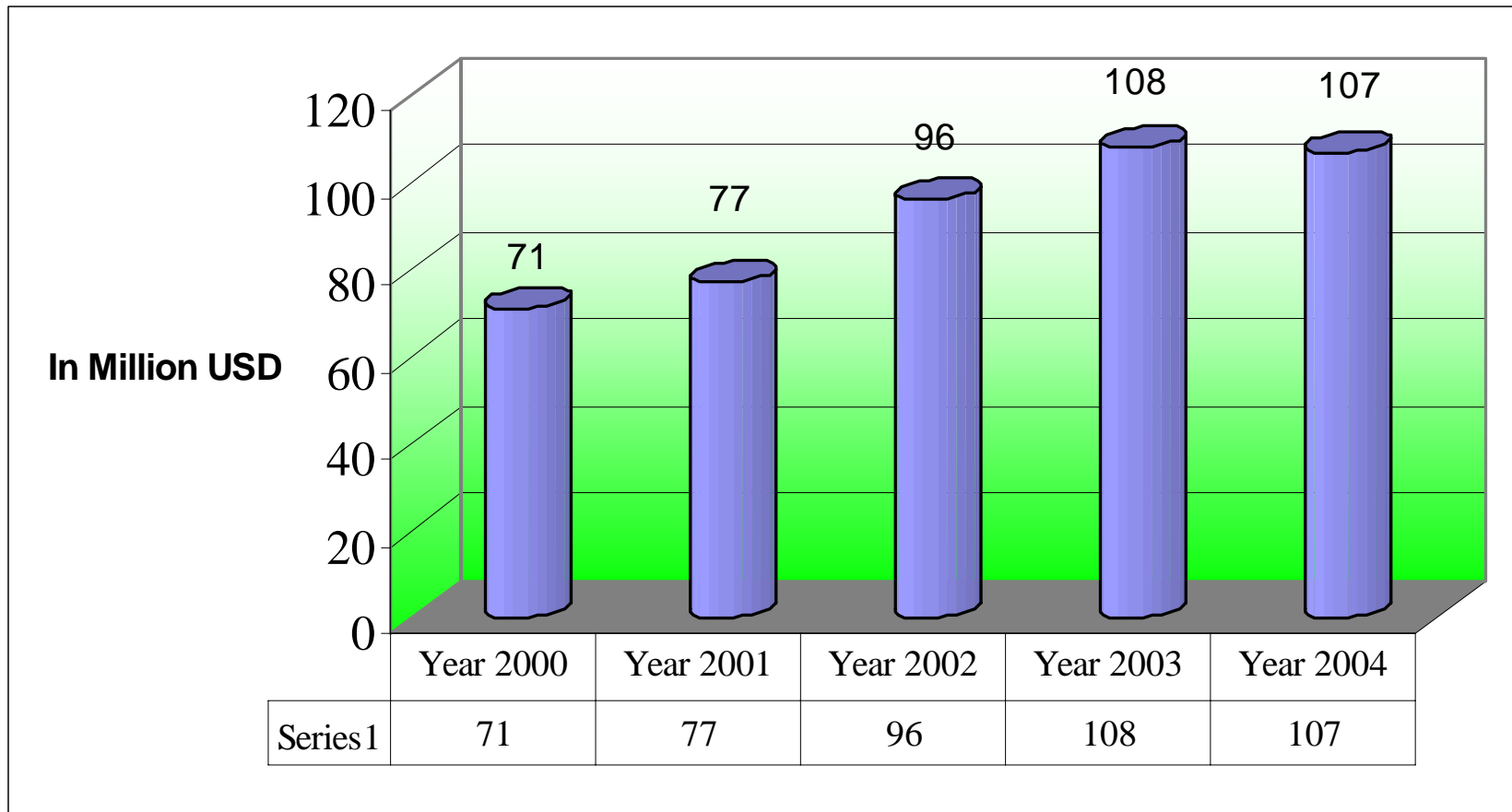
Source: COMTRADE database, UN statistics

VIETNAM Bamboo and Rattan

Exports by market by the year of 2004



VIETNAM Export Revenues of Bamboo and Rattan Combined for the 2000-2004 period



Vietnam Rattan exports in the 2001-2003

Period	Trade Flow	Trade Value	Percentage of major scountries
2001	Export to	\$2,124,000	World (50%); Spain (24.9%); Singapore (12.5%); China (6.2%); Italy (3.1%); Hong Kong (1.4%); Philippines (0.8%); Thailand (0.8%); Japan (0.3%);
2002	Export to	\$2,562,000	World (50%); Spain (13.8%); Singapore (11.7%); Philippines (8.3%); China (7.2%); Japan (2.7%); Laos (1.1%); Germany (0.9%); France (0.9%); Switzerland (0.9%); Denmark (0.4%); Hungary (0.4%); S. Korea (0.3%); Portugal (0.3%); Malta (0.2%); Australia (0.2%); Other Asian NES (0.2%); Russia (0.2%); Hongkong (0.2%); UAE (0.1%); UK (0.1%)
2003	Export to	\$1,790,000	World (50%); Spain (18%); Philippines (2.8%); Singapore (12%); China (9.2%); Italy (6.5%); Thailand (0.6%); Japan (0.4%); Hong Kong (0.4%)
Total Vietnam rattan Exports = \$6,476,000 for the period of 2001 - 2003			

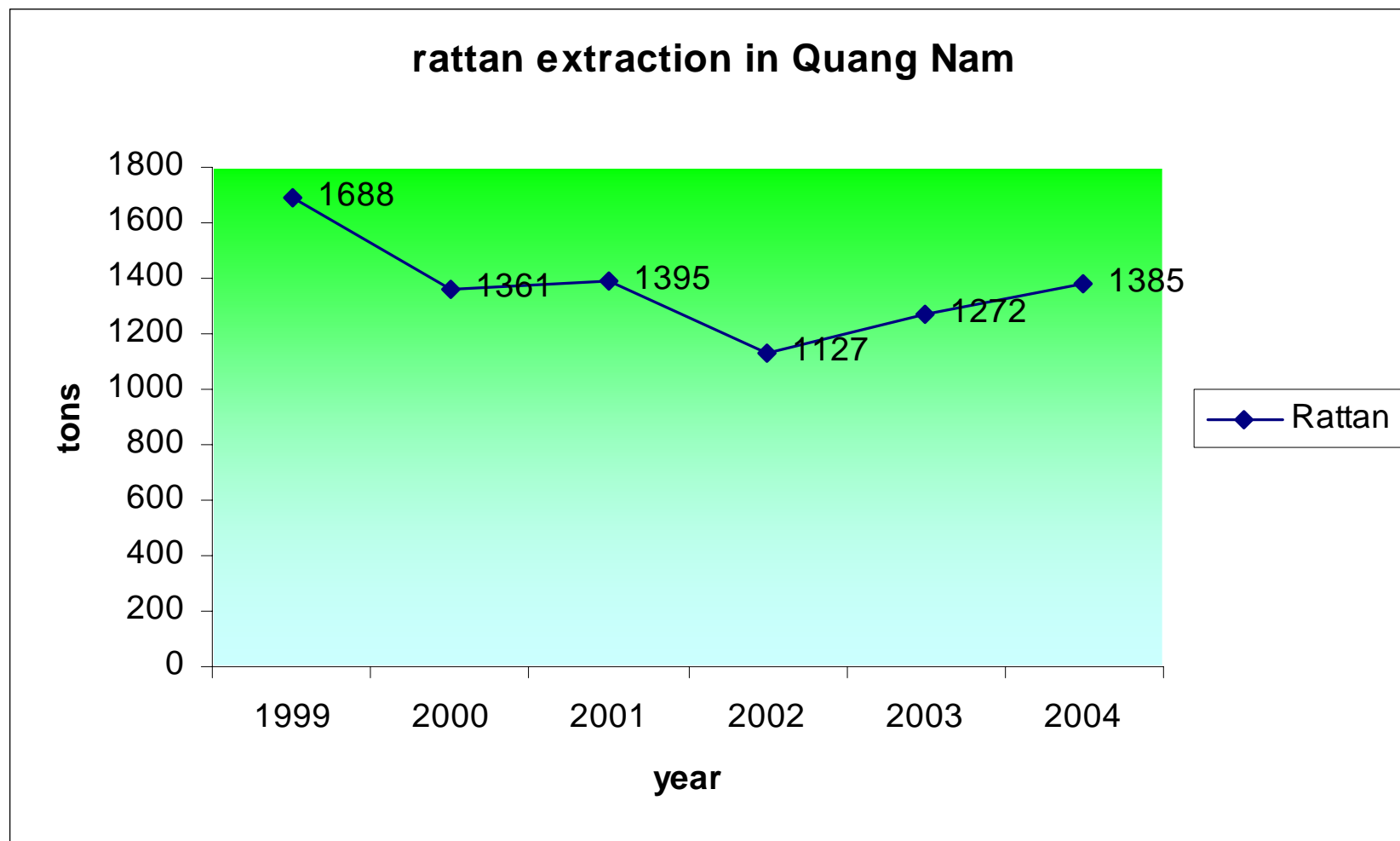
Source: COMTRADE database, UN statistics

Vietnam Rattan imports in the 2001-2003

Period	Trade Flow	Trade Value	Percentage of major countries		
2000	Import from	\$144,000	World (50%); Indonesia (50%)		
2001	Import from	\$3,986,000	World (50%); singapore (1.6%);	Laos (40.9%); Indonesia (3.9%); Myanmar (0.4%)	Philippines (3.2%);
2002	Import from	\$1,558,000	World (50%); Indonesia (1.6%)	Laos (40.8%); Philippines (5.5%);	Singapore (2.1%);
2003	Import from	\$2,186,000	World (50%); Singapore (10.7%)	Laos (21.5%); Philippines (15.2%); Indonesia (2.6%)	
Total Vietnam rattan imports = \$7,730,000 for the period of 2001 - 2003					

Source: COMTRADE database, UN statistics

Rattan extraction in Quang Nam province



Source: Statistical Yearbook for Quang Nam, 2001-2004 period

Rattan Exports in recent years in Quang Nam

Rattan	2003	2004	2005 (first six months)
Units	99.000 products	206.000 products	118.000 products
Value	\$42.000	\$345.000	\$197.000
Raw material exports	60 tons value at \$166.000	102 tons value at \$611.000	50 tons value at \$295.000
Total Export Revenues	\$202,000	\$946,000^[1]	\$492,000

^[1] The 2004 GDP for Quang Nam is 2,280 billion VND, with a spot exchange rate 15,800 VND/USD, the value of exported rattan is equivalent to 14.9 billion VND, accounting for 0.66% of Rattan Exports in recent years in Quang Nam of the total GDP for 2004

Source: Statistical Yearbook for Quang Nam, 2001-2004 period

Distribution of the rattan villages across Vietnam

NORTH			CENTRAL			SOUTH		
ID	Province City	No Village	ID	Province City	No Village	ID	Province City	No Village
1	Ha Noi	6	21	Thanh Hoa	68	34	HCM city	5
2	Hai Phong	10	22	Nghe An	34	35	Dong Nai	3
3	Ha Tay	208	23	Ha Tinh	15	36	Binh Duong	2
4	Hai Duong	9	24	Quang Tri	3	37	Dong Thap	7
5	Hung Yen	12	25	Thua Thien Hue	1	38	An Giang	8
6	Ha Nam	4	26	Quang Nam	10	39	Tien Giang	4
7	Nam Dinh	20	27	Da Nang	1	40	Vinh Long	2
8	Thai Binh	47	28	Quang Ngai	5	41	Ben Tre	2
9	Ninh Binh	21	29	Binh Dinh	9	42	Kien Giang	5
10	Vinh Phuc	8	30	Phu Yen	7	43	Can Tho	13
11	Cao Bang	14	31	Khanh Hoa	2	44	Soc Trang	4
12	Tuyen Quang	2	32	Ninh Thuan	14	45	Bac Lieu	25
13	Yen Bai	1	33	Binh Thuan	2	46	Ca Mau	3
14	Thai Nguyen	15	<u>Sub-total</u>		<u>171</u>	<u>Sub-total</u>		<u>83</u>
15	Phu Tho	4						
16	Bac Giang	21						
17	Quang Ninh	3						
18	Bac Ninh	9						
19	Lai Chau	8						
20	Son La	37						
<u>Sub-total</u>		<u>459</u>						

Source: Vietnam Trade Promotion Agency, Ministry of Trade 2004

Distribution of rattan and bamboo companies in Vietnam

Region	No of Rattan Companies	Average size (employees)	Provinces
Northern	70	150-400	Lang Son (1); Bac Ninh (2); Ha Noi (38); Ha Tay (17); Hai Duong (1); Hai Phong (1); Nam Dinh (4); Ninh Binh (2); Thai Binh (4)
Central	20	100-300	Nghe An (1), Quang Nam (5), Da Nang (11), Binh Dinh (1); Khanh Hoa (2)
South	60	200-300	Binh Duong (2); Can Tho (1); HCM city (49); Tay Ninh (4); Tien Giang (2); Vinh Long (2)
Total	150		

Source: Vietnam Trade Promotion Agency, Ministry of Trade 2004

Most important policies and regulations effecting the rattan sector gtz

- ✓ **Policies on the preservation and development of NFTP**
- ✓ **Policy framework on the production, processing and the trading of NFTPs**
- ✓ **Policies on forestry and forest conservation**
- ✓ **Programme 327**
- ✓ **Five Million Hectare Reforestation Policies (5MHRP)**
- ✓ **Forestry Development Strategy (FDS)**
- ✓ **Decree No 134/2004/NĐ-CP on Encouragement of Rural Industrial Development**
- ✓ **Inter-ministerial Directive No 36/2005/TTLT - BTC -BCN**
- ✓ **Guidance No 03/2005/TT- BCN**
- ✓ **Export of NFTPs**
- ✓ **Natural resource tax**
- ✓ **VAT, business; income tax and land rental**

Most Important Supporting Government And Donor Initiatives

- Vietnamese National Initiatives on exploitation of non-timber forest products
- WWF Indochina Initiative on Rattan sector
- WWF Central Truong Son Initiative
- Incorporating Primate Conservation within the Community Managed Landscape of Quang Nam Province
- Initiative for Capacity Building, Extension, Demonstration and Support for the Development of Market-Oriented Agroforestry in Quang Nam, Vietnam.
- Supports for Five Million Hectare Reforestation Program
- Supports for Enhancing Sustainable Forest Harvesting in Asia
- Initiative on Global Partnership Programme on Non-Timber Forest Products (NTFPs) for Livelihoods Development of Rural Communities
- Vietnamese Government initiative on Encouragement of the rural industry
- Forest Sector Support Program (FSSP)
- National system of protected areas
- Ford Foundation Quang Nam Forest Land Allocation Initiative
- MPI-GTZ Small and Medium Enterprises Development Program

Characteristics of rattan SMEs in Quang Nam

<u>Place</u>	<u>Name</u>	<u>Types of products</u>	<u>No of full-time Employees</u>	<u>Estimated annual Turn-over</u>
Dien Ban	# 1	Processing, end-product exporting	250	1.1 billion VND
	# 2	Processing, end-product exporting	150	0.8 billion VND
	# 3	Processing, end-product exporting	300	1.1 billion VND
	# 4	Processing, end-product exporting	400	1.7 billion VND
	# 5	Processing, end-product exporting	200	1 billion VND
	# 6	Processing, end-product exporting	350	2.0 billion VND
Duy Xuyen	# 1	Process, exporting semi-process	300	2.0 billion VND
	# 2	Process, exporting semi-process	350	1.9 billion VND
	# 3	Processing, end-product exporting	250	1.5 billion VND
Que Son	# 1	Process, exporting semi-process	200	1.5 billion VND
Phuoc Son	# 1	Processing, end-product exporting	400	2.0 billion VND
Nam Phuoc	# 1	Process, exporting semi-process	300	2.1 billion VND
	# 2	Processing, end-product exporting	300	2.1 billion VND
Hoi An	Hoi An ExCo	End-products	200	0.9 billion VND
Hoa Vang	Viet Hoa	Process, exporting semi-process	400	4.0 billion VND
Nui Thanh	Au Co	Processing, end-product exporting	300-500	2.5 billion VND

Source

Consultations with Mr. Chien, Vice-director, COOPSME Quang Nam



Au Co Bamboo and Rattan Export Enterprise

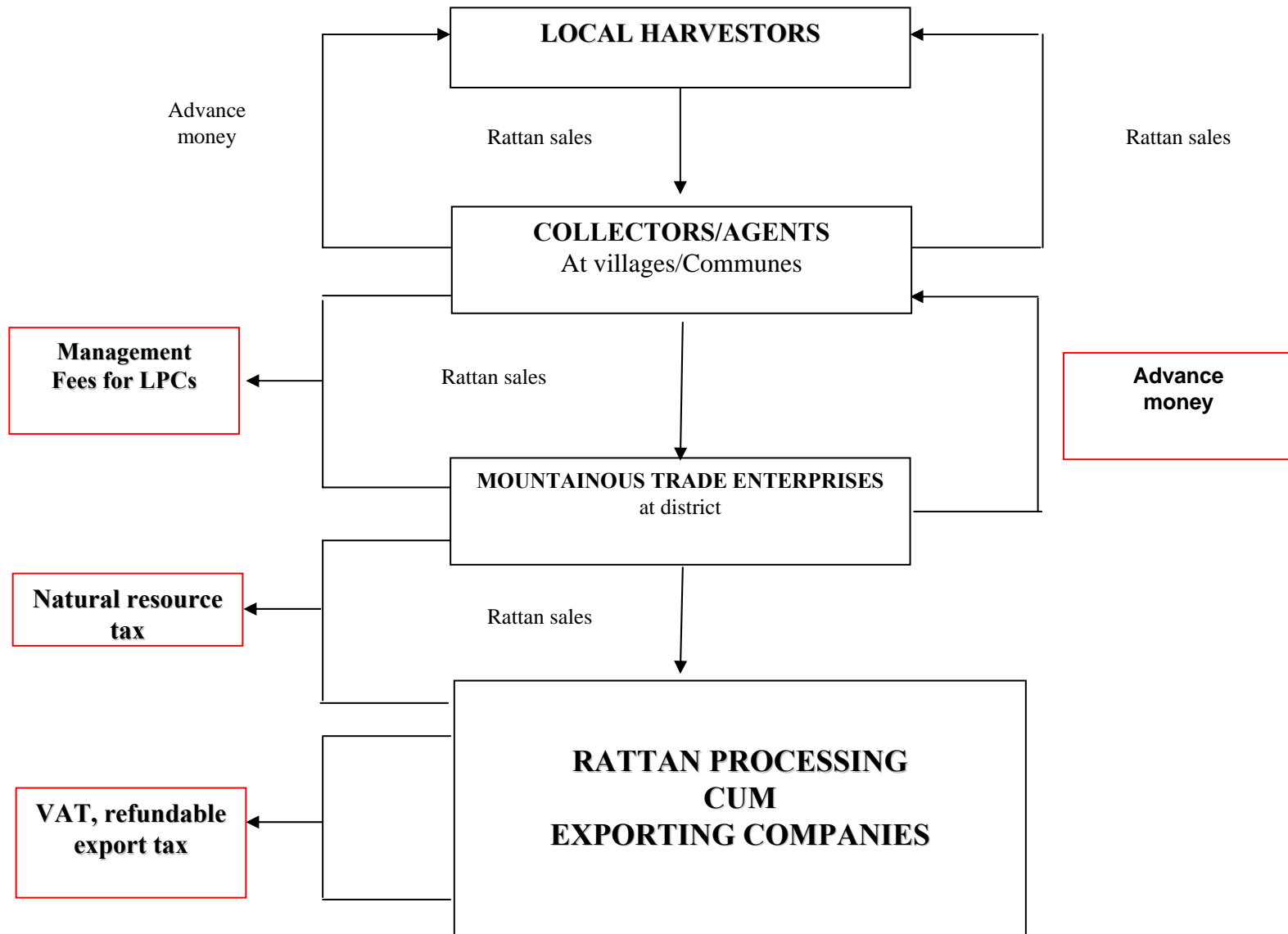
- 500 full-time workers and 300 seasonal workers
- 200 tons of purely processed rattan and 300.000 rattan wares
- Tam Ky, Thang Binh, Tam Xuan; Tam Ngoc; Quan Go; Tam Thanh 1; Chau O township
- 80 % QN; 10% Nghe An; 10% Phuoc Son
- 10 billion VND revenues
- On-the-job training for CERI

Rattan and Bamboo Duy Son II Cooperative

- 200 tons of purely processed rattan and more than 300.000 rattan wares
- 2004 was about 4.2 billion VND
- 250 full-time workers (600.000 VND per month)
- 05 satellite branches
- Nam Phuoc, Duy Son No1; Duy Trinh; Duy Phuoc; and Duy Tan



Relationship among different agents in rattan value chain in Quang Nam



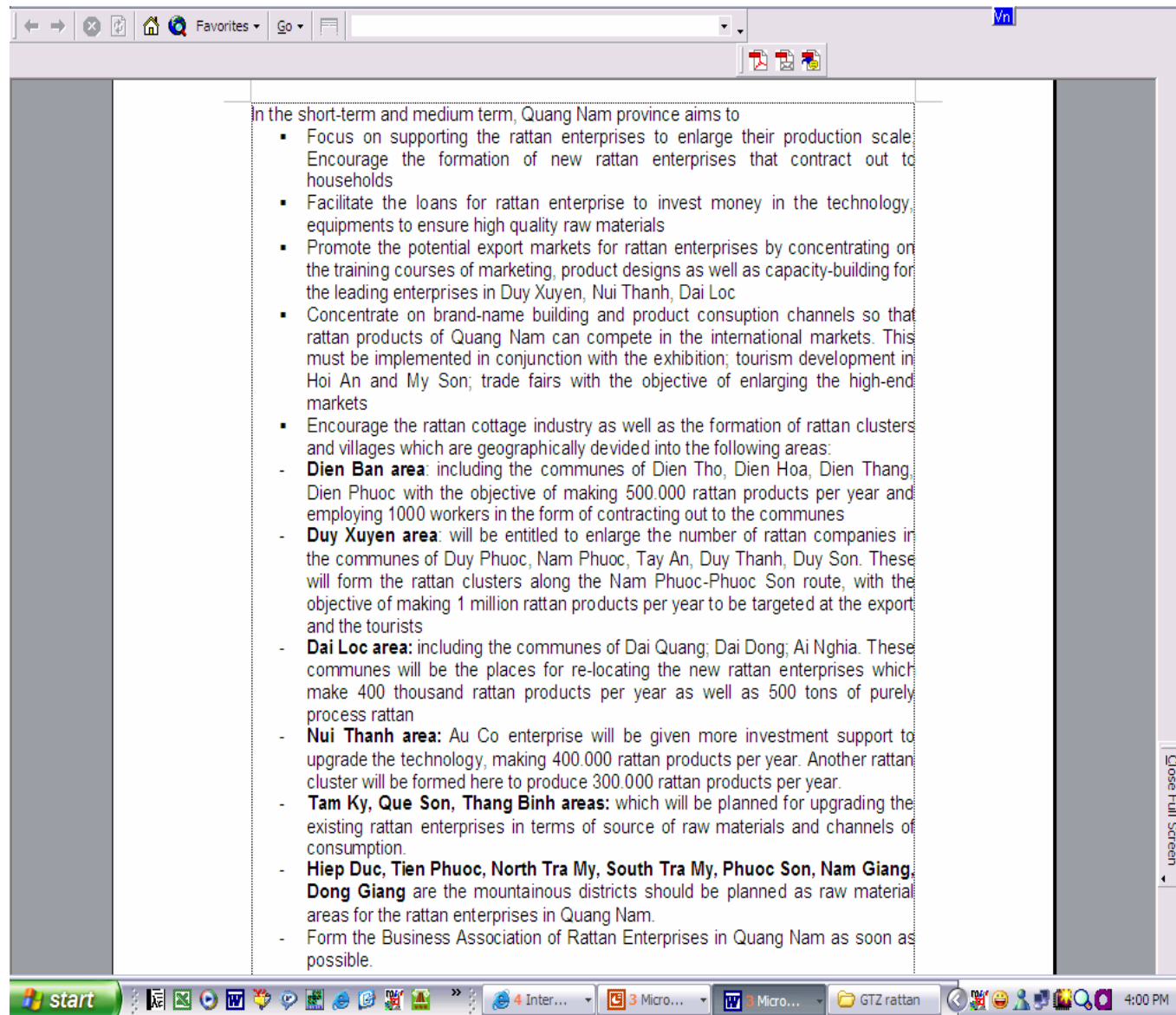
Average profits distributed to each actors in the value chain

Value chain actors	Average profits per kg of rattan	Percent
Local ethnic harvesters	3,176 VND	29%
Village trader/collector	725 VND	7%
Commune trader/collector	420 VND	4%
Processors & Exporters	6,737 VND	61%
Total	11,058 VND	100%

Source: 2003 WWF report on assessing rattan in SFEs in Quang Nam

Identified Needs and Supports for Rattan Processing Enterprises

- Training Need for Business and Management Skills
- Market Access and Market Information
- Technology Transfer and modernization of rattan processing equipments
- International Standards and Management certifications (ISO, SA)
- Health, safety and Environmental Standards
- Supports for stable raw material areas



Supporting Institutions for Rattan Sectors In Quang Nam

Quang Nam Trade Promotion Office

Address: 204 Phan Chu Trinh Str.
Tam ky Hamlet, Quang nam
Phone: 0510 812290
Fax: 0510 859130

Business Association

Address: 204 Phan Chu Trinh Str.
Tam ky Hamlet, Quang nam
Phone: 0510 852666
Fax: 0510 859130

COOPSMEs in Quang Nam

Address: 26 Tran Phu street,
Tam Ky Quang nam
Phone: 0510 821153
Fax: 0510 859136

Provincial Centre for Encouragement of Rural Industry (CERI)

Address: 56 Hung Vuong,
Tam Ky Quang Nam
Phone: 0510 811 295
Fax: 0510 811218

THANK YOU VERY MUCH

QUESTIONS AND ASK, please!!!

