

Enhancing teak value chains : Opportunities and Challenges

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COP26

More than 100 countries are working together to seriously reduce the global warming crisis

Thailand has committed




Reduce greenhouse gas emission by 40 percent by 2030



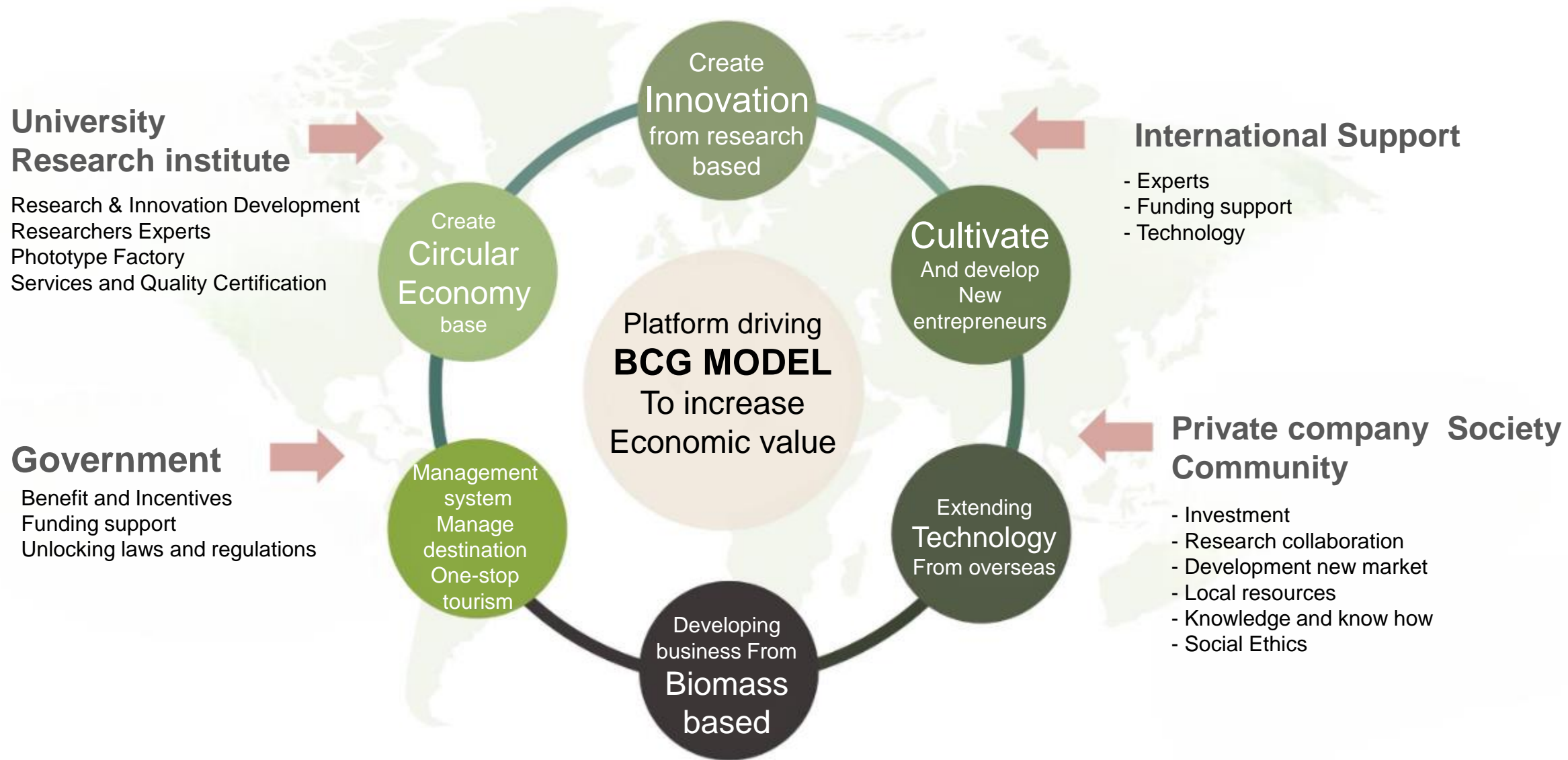
Carbon neutrality by 2050



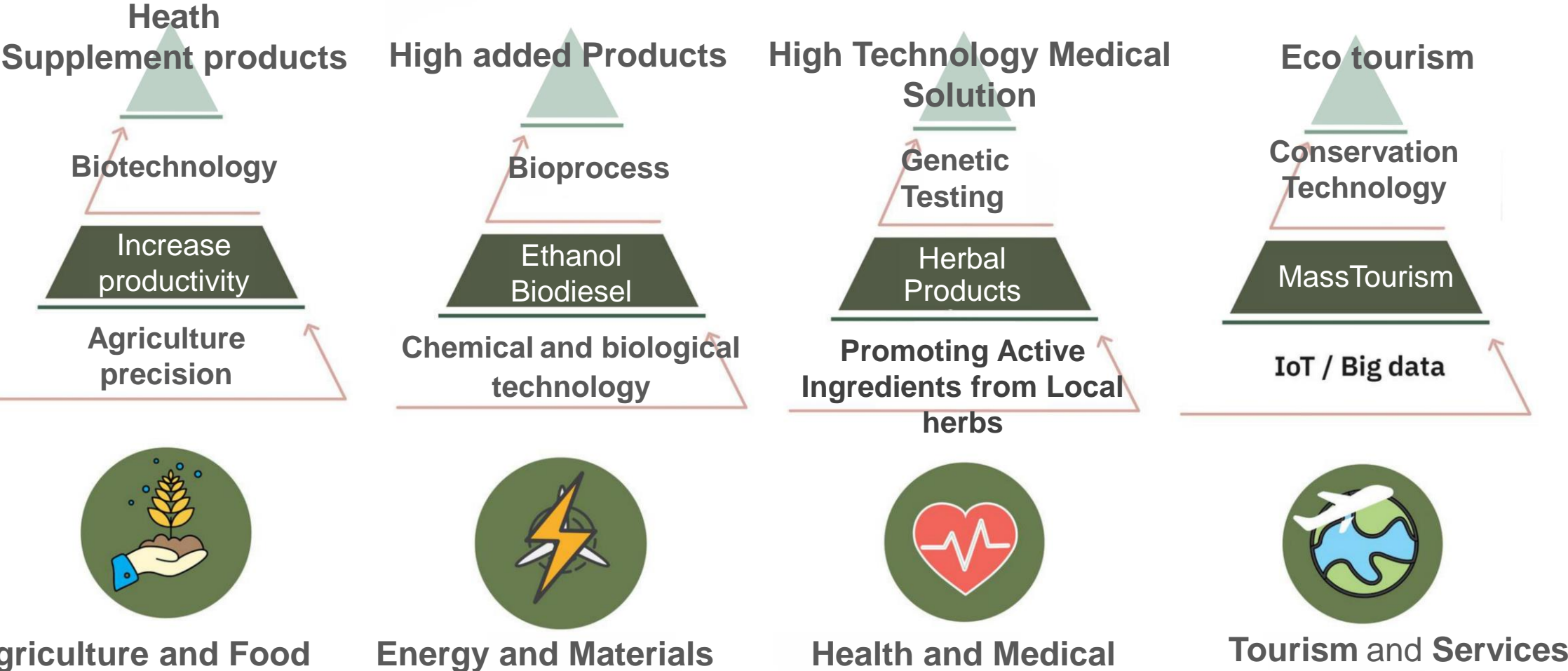
Achieve net zero Carbon emissions by 2065

An aerial photograph of a lush, green forest. The trees are dense and vary in shades of green. In the upper left, a small stream flows through the forest. In the upper right, some houses and buildings are visible, suggesting a rural or semi-rural setting. The overall scene is a vibrant, natural landscape.

**The key is to increase forest areas
To absorb Carbon dioxide**



BCG Value Creation

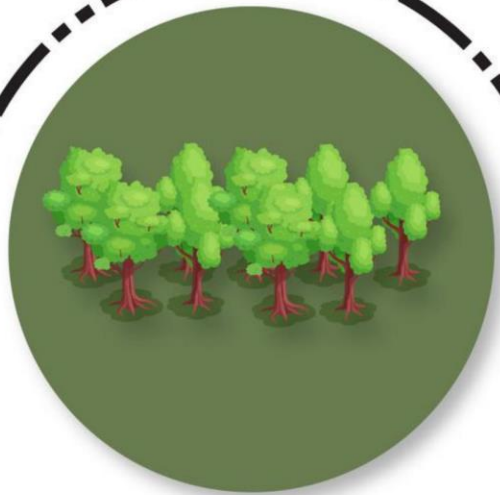


Source : Office of National Higher Education Science Research and Innovation Policy Council (สอวช)



Major global collaboration Great opportunity for Thai economy.

Thai government goals by 2036



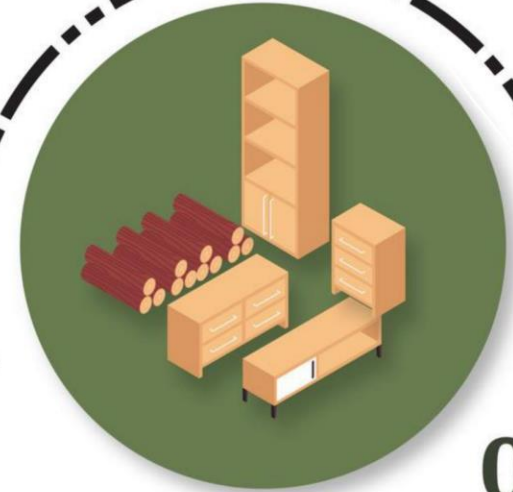
01

Increase the economic forest area by no less than 26 million rai



02

Improve the quality of life and income of farmers by more than 420,000 baht/person/year (12,300\$/years)



03

The total forestry sector GDP is more than 2 trillion baht

The background of the slide features a landscape with a dense green forest in the foreground and a range of misty, blue-toned mountains in the distance. A dark green horizontal band is overlaid across the middle of the image, containing the text.

The plantation and value added timber industry

Why This Trend of Change is an important opportunity for Thailand

Opportunities and Challenges


➤ Opportunities

- A** Increase forest area from 30% to 40%
- B** Incentives to promote green business (Tax incentive, low interest rate, new government policy, ease regulations, etc.)
- C** Thailand located in suitable tropical location
- D** Lots of Business opportunities with high potential growth
- E** Great opportunity to rebuild the integrated industry to be a new Thailand economic engine
- F** Teak is the key specie for Thailand

➤ Challenges

- A** Long timber banning policy has destroyed supply chain
- B** Negative consumers' belief as Using wood is destroying the forest and environment
- C** Lack of Human Resources, Know how, and Efficient supply chain
- D** Outdated laws and regulations
- E** Long term investment and need and lack of good financial model
- F** How to rebuild an Integrated timber industry model

Valuation comparison (baht) per m³

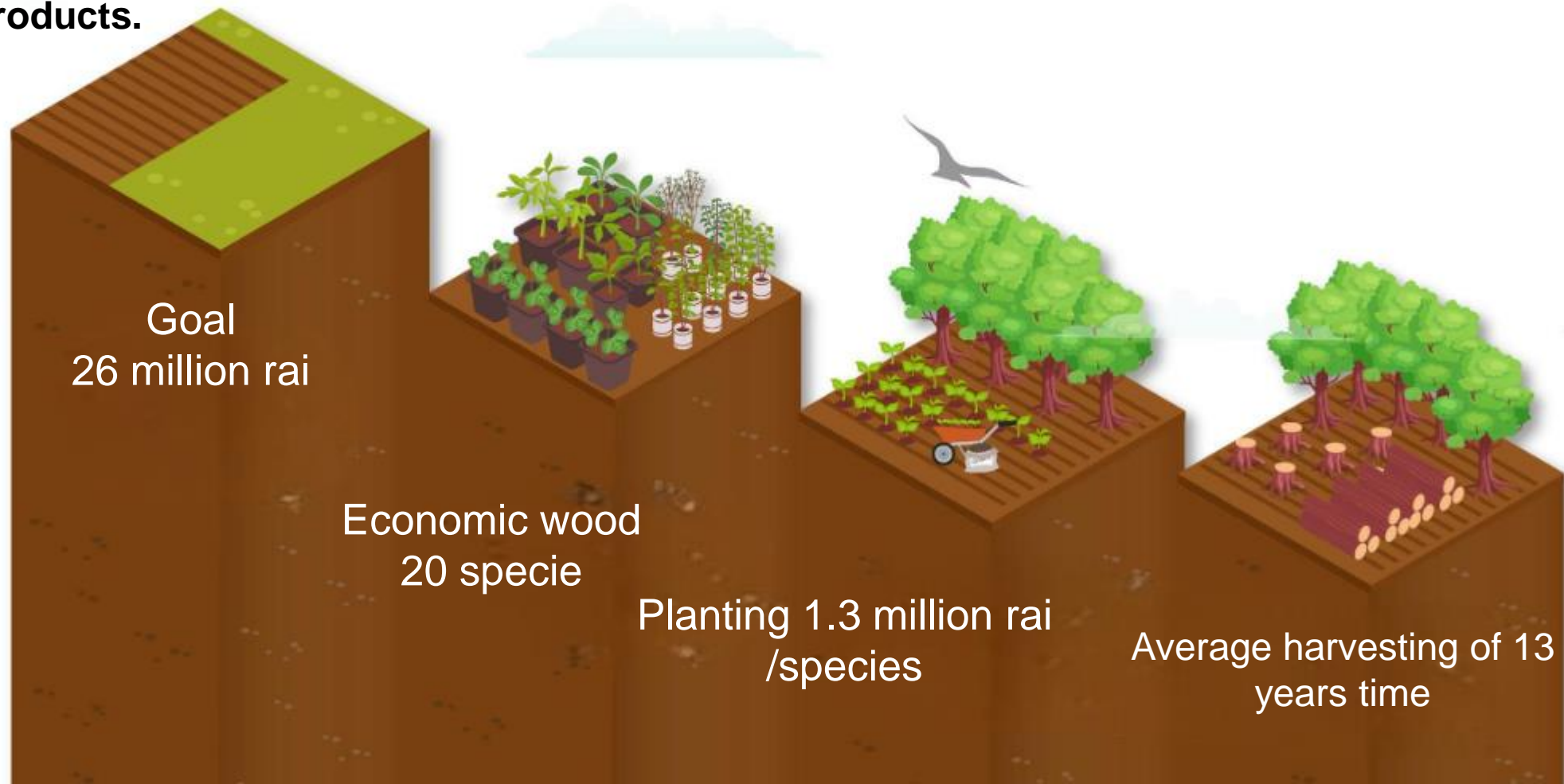
|  | Teak | Mahogany | Neem | Acacia |
|---|--------|----------|--------|--------|
| Logs | 6,000 | 6,000 | 2,000 | 2,000 |
| Timber | 12,000 | 12,000 | 4,000 | 4,000 |
| Flooring | 16,000 | 16,000 | 6,000 | 6,000 |
| Furniture | 22,000 | 22,800 | 9,000 | 9,000 |
| Door | 18,000 | 18,000 | 12,000 | 12,000 |

GOAL

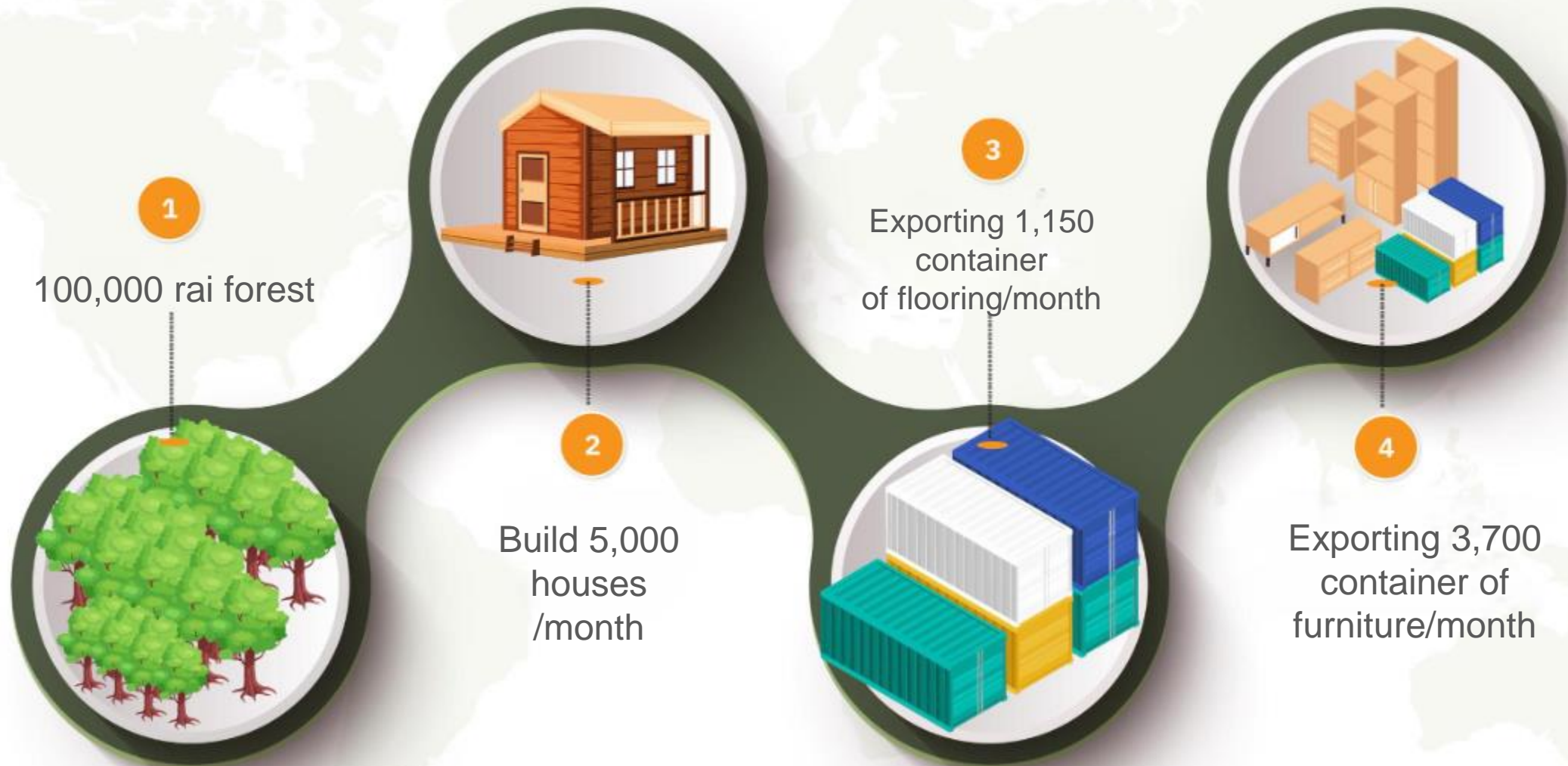
26 MILLION RAI

It won't be too far out to reach

- Promote 76 provinces to select 20 species of economic trees.
- Taking 20 species to develop various value added products.



What products can we create from 100,000 rai of economic forest?



Integrated wood industry development

2
Harvesting

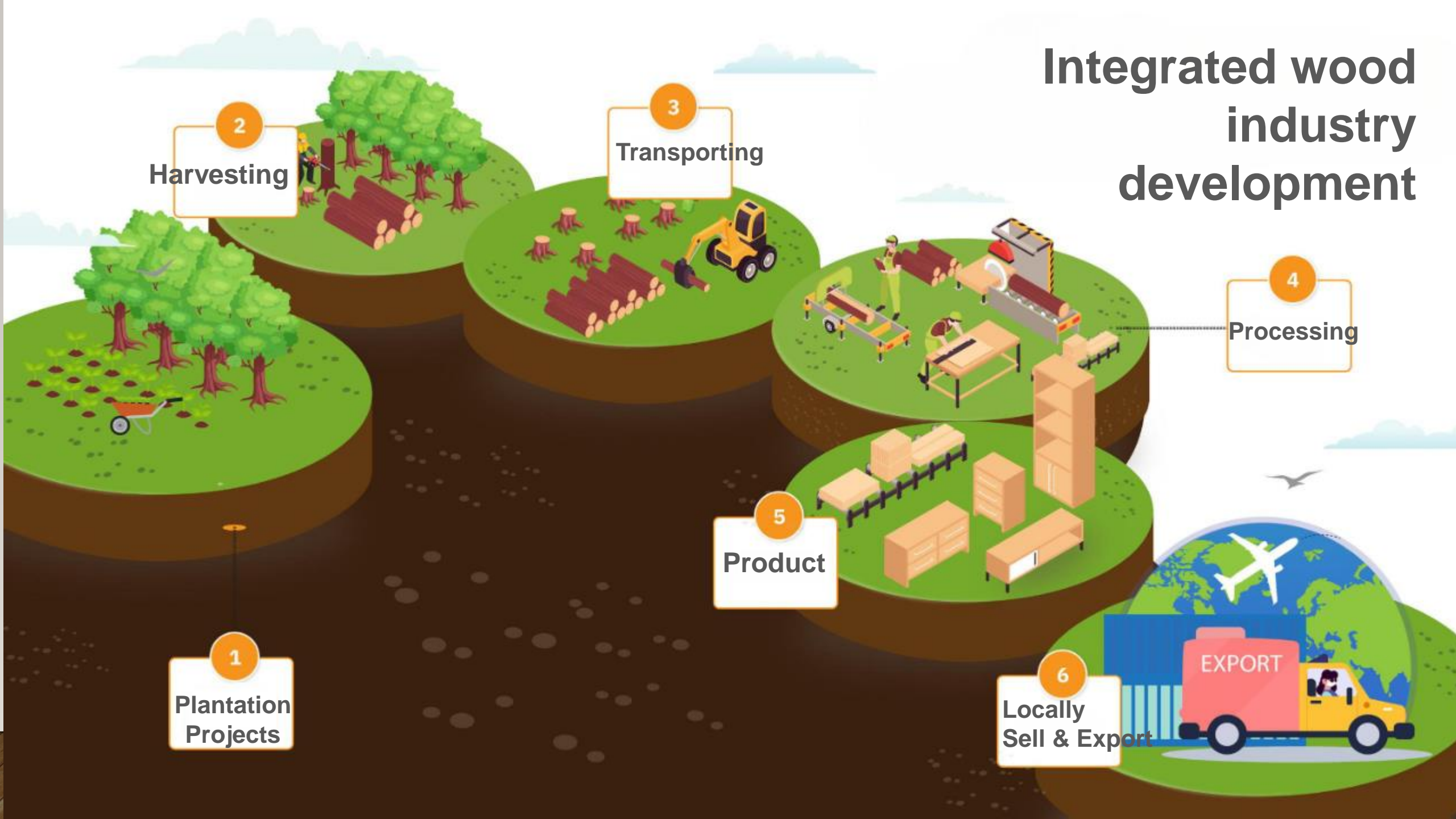
3
Transporting

4
Processing

5
Product

6
Locally Sell & Export

1
Plantation Projects





**Taking Local expertise to create value
added to products**



Thank you