

The Overview of Cassava Processing Value Chain Analysis and the Participation Regional Value Chain: A Case Study of Laos

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Rationale

- This year research on “The Overview of Cassava Processing Value Chain Analysis and the Participation Regional Value Chain: A Case Study of Laos” has been designed and proposed to PRCI based on comments from the stakeholders on previous research findings namely:
 - How strength and effectiveness of cassava businesses in Laos
 - To what extent Lao cassava processing industries is in regional competitiveness
 - What policies intervention for promoting cassava businesses and processing industries

Cassava plantations and processings

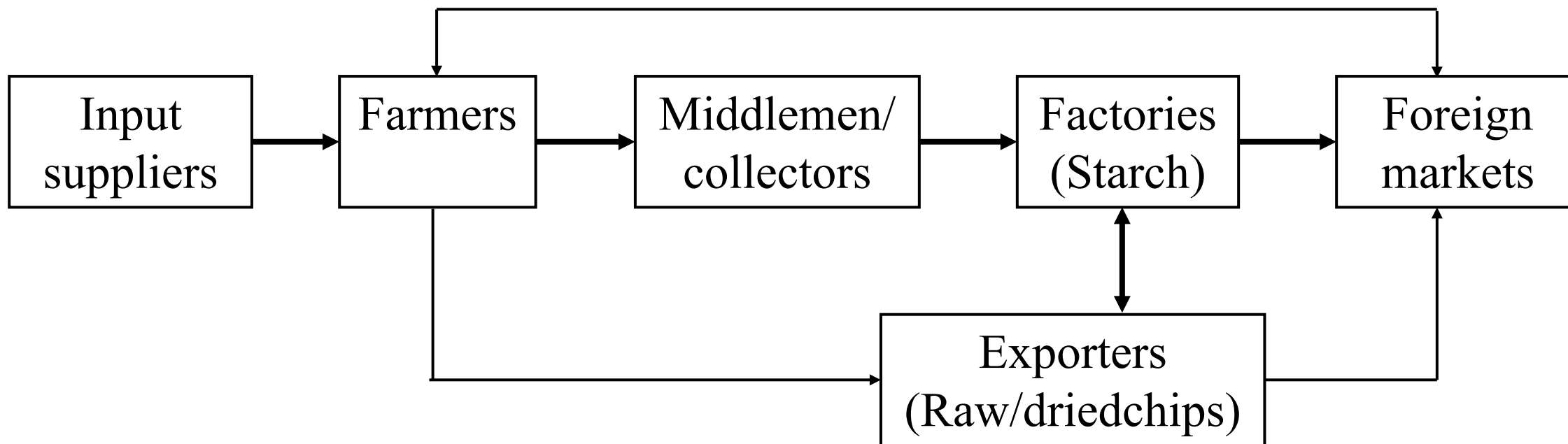
- Cassava cultivations increasingly plays an important role in cash-crop farming in Laos. By 2023 it is estimated more than 100.000 ht of cassava plantations
- Participating in cassava farming has helped small landholders to raise social welfare and income of Lao cassava farmers
- High returns, high demand, and free markets for cassava are the main reasons for cassava cultivation expansion
- However, poor infrastructure and being small landholders made farmers to sell the fresh cassava with one or two days after harvesting to middleman or collectors
- Fluctuation of oil prices and national currency depreciation become major obstacles of Lao cassava farmers as well as cassava processing factories

Laos' cassava markets

- Having large availability of agricultural lands and located in the middle of fast economic development countries in the region made Laos be influenced and integrated in regional value chains
- High demand of raw and processed cassava (starch) from Thailand, Vietnam and China enhances cassava growing and processing factories expansion in Laos
- Almost cassava exported to those three countries and Thailand shares the largest ratio (82%)
- However, China accounted for large share Laos' export of the cassava starch. Vietnam and Thailand come to second and third place respectively

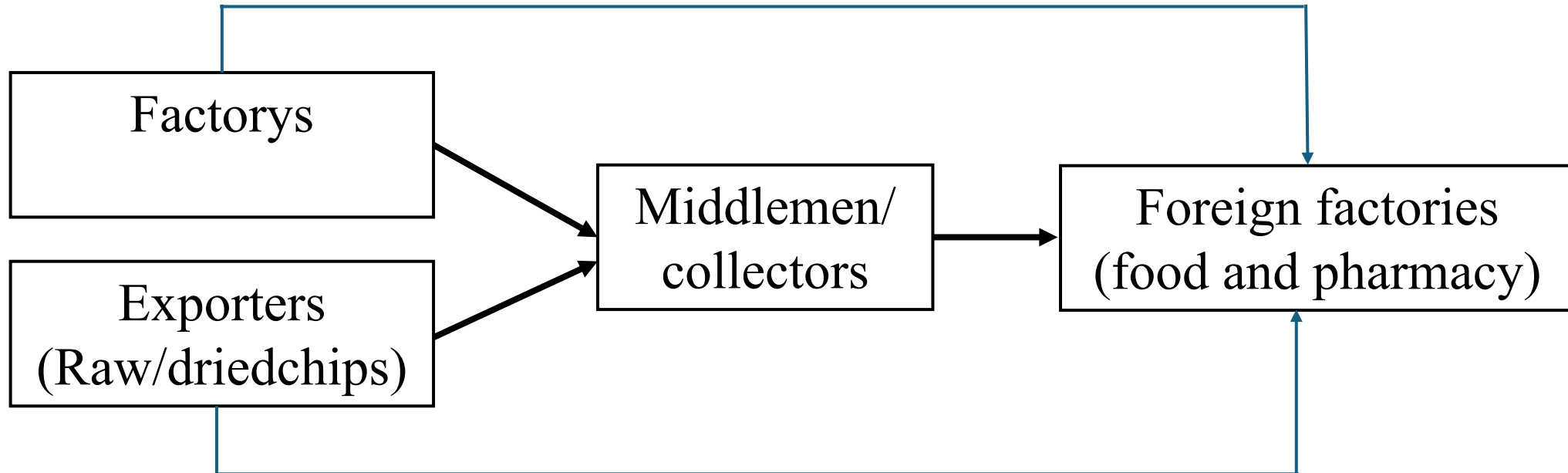
Cassava Value Chains

Cassava value chains in Laos can start from input suppliers, farmers, middleman/collectors, factories and foreign markets shown below:



Regional Value Chains

Currently Laos' cassava productions highly relies on and links to foreign buyers which include food processing and pharmaceutical factories in the region



Integrating to Regional Value Chains

- Majority of cassava processing factories in Laos invested/owned by foreigners
- Lao cassava starch exports mainly under contracts with foreign companies. However, dried cassava usually exported through border trade system
- Laos stands second (after Thailand) of raw cassava exports and a third place (after Thailand and Vietnam) as a major cassava starch exports in the world
- Almost cassava starch factories in Laos have GMP certificate

Challenges

- Recognized by International quality standard, such as HACCP and HAL are important factors to export directly or partner with big industries in the region, but Laos' starch factories find difficulties in acquired a certificate and sometimes reluctant to get it
- Low managerial skills and technical workers in processing management make factories difficult to apply for international standard
- Cost of applying and maintaining the international standard certification hinders factories to become more reliable supplier in the region

Thank You

