

Overview of Vietnamese wood industry and promotion of wood product trade in Vietnam



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Structure

- 1. Current status of Vietnamese wood industry*
- 2. Wood & wood products trade in Vietnam*
- 3. Main challenges & issues facing wood trade*
- 4. Promoting wood trade in Vietnam*



1. Current status of Vietnamese wood industry

Vietnam in brief

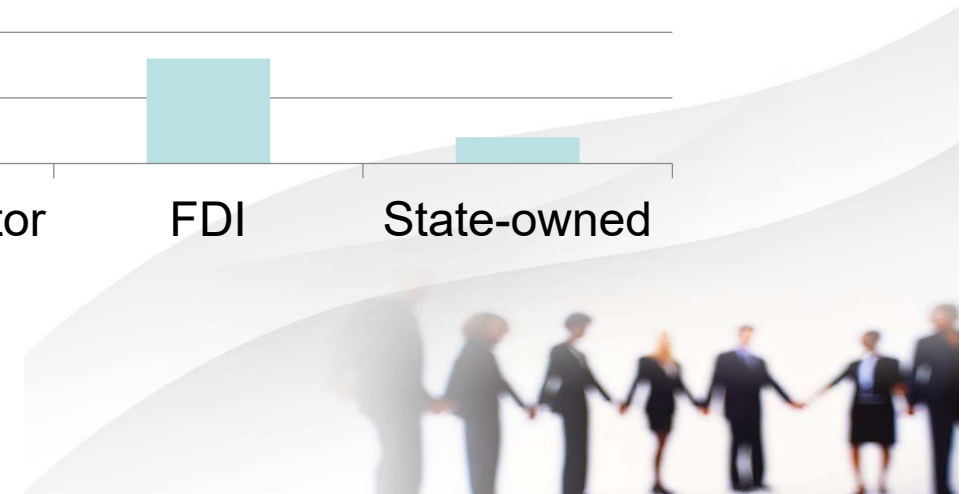
- Population: 95 mln
- Land area: over 33 mln ha
- Forested land : 15 mln ha, including (11 mln ha of natural forest + 4 mln ha plantation, & 1 mln ha of rubber farms).
- GDP: USD 2,400/person/year (2018)
- Labor wage: USD 250 - 300/month
- Wood export: USD 8.0 billions (to 120 countries);
- Import: USD 2.2 billions (round/sawn wood + wood-based panels) from 100 countries.
- Logging of natural forest banned.
- Main wood sources: Acacia & rubber
- FLEGT/VPA signed on 19 Oct, 2018.



Vietnamese timber sector & timber demand

Vietnamese wood sector

- Total: 4,500 enterprises (mostly SMEs)
- FDI: over 600
- 450,000 labor army
- Wood product export ranks No. 6 among top exports & VN ranks No. 5 wood product exporter worldwide following China, Italy, Germany & Poland.



Wood demand

- Total wood demand: 31 millions m³ (not including paper production);
 - ✓ Local supply: 24 millions m³ (Acacia & rubber);
 - ✓ Imported: 7 millions m³;
- 160-170 species imported from over 100 countries (wood traceability & legality assurance?).



Wood resource

- **Local resource:**

- Planted forest (commercial plantation): 2.9 mln ha (acacia, eucalyptus, melaleuca, pine...): 20 mln m³/year;
- Rubber plantation: 1,0 mln ha: 3,0 mln m³ timber/year;
- Scattered trees + fruit trees (mango, jack fruit, cashewnut...): 1 mln m³/year

Problems:

- Fragmented plantation (over 1 mln farmers);
- Lack of certification (FSC, PEFC);
- Small-sized & low quality timber (cutting rotation 4-6 years), mostly for woodchip;
- Monoculture of acacia (80%).

- **Imported:**

7,0 mln m³ imported from US, China, Africa, LMC...
(over 100 countries, 160 species)

Problems:

- Price up & down;
- Wood traceability to follow Lacey Act (US), EUTR (EU), timber legality acts (Japan, South Korea, Australia...) & FLEGT VPA (wood from Africa).



2. Current status of wood trade in VN

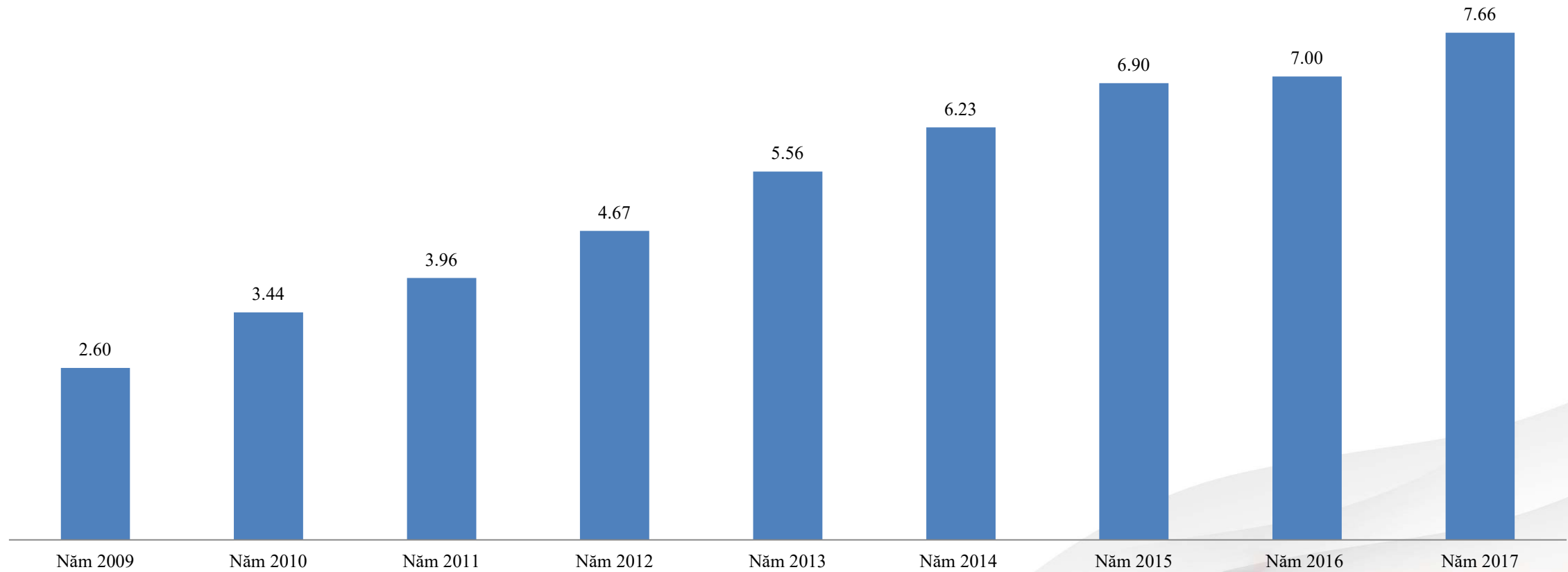
Vietnam exporting wood products

- As of 2017:
 - Locally, wood product export ranks number 6 amongst key export commodities
 - Exporter Number 5 worldwide

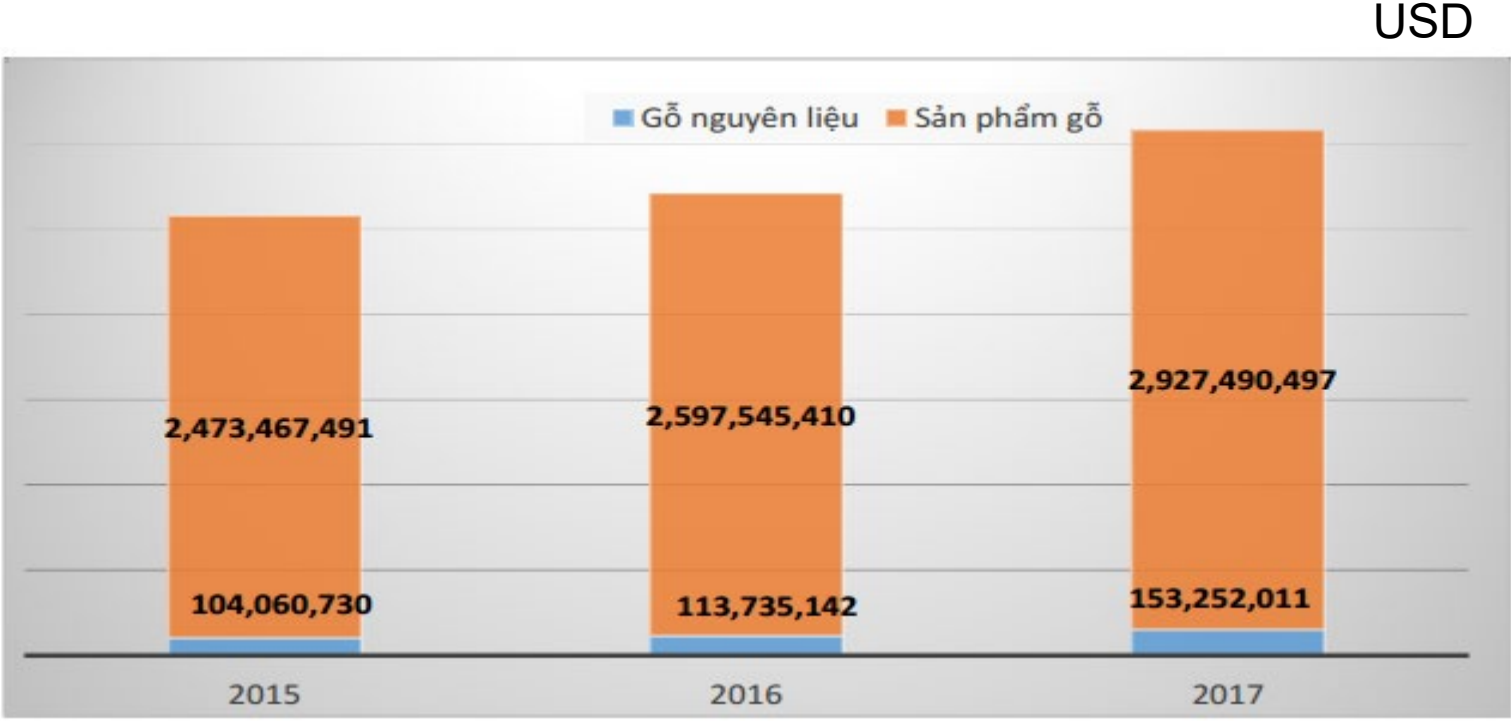


Source: Vietnam Customs Office

Wood product export 2009 - 2017



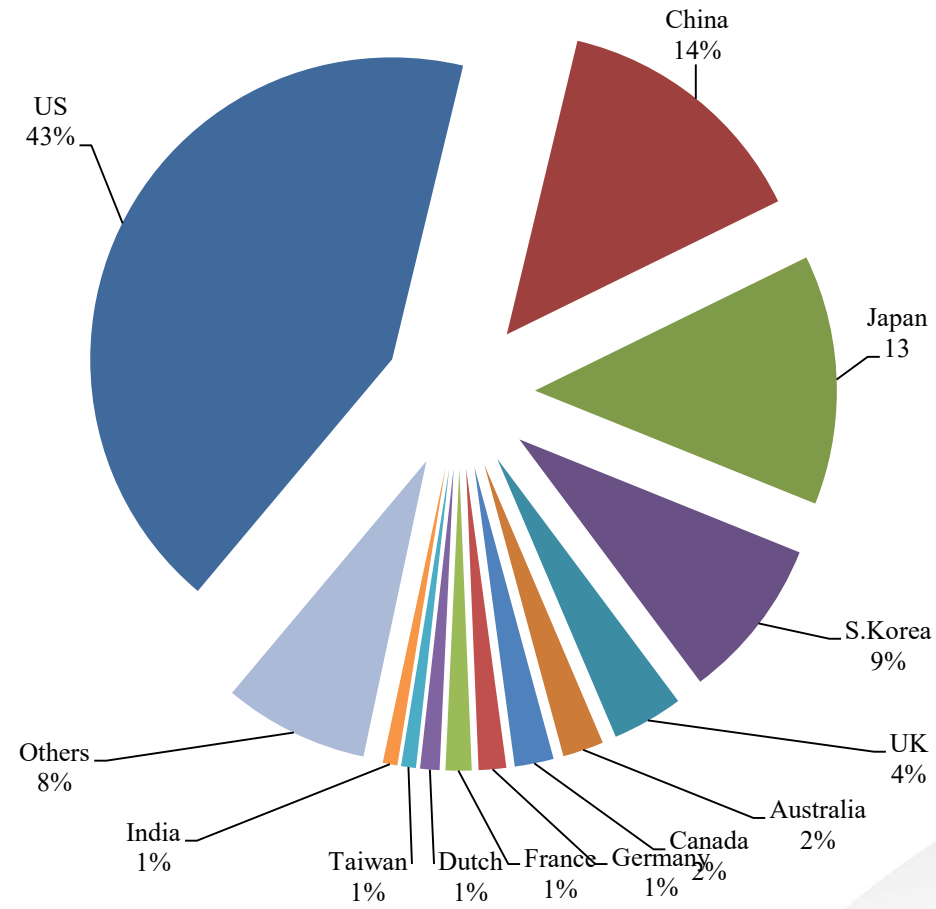
Share of exported downstream processed over un-processed products 2015-2017



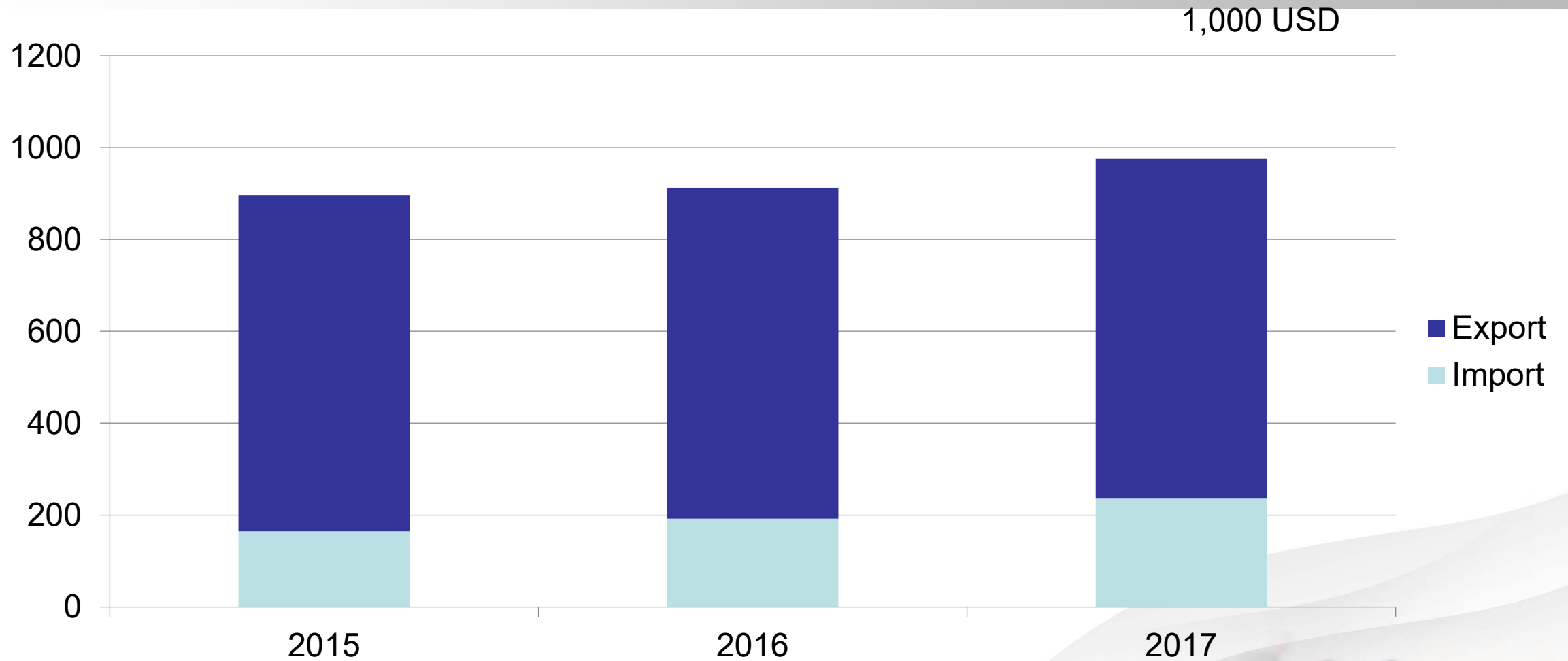
Source: VIFORES



Market shares of exported wood products

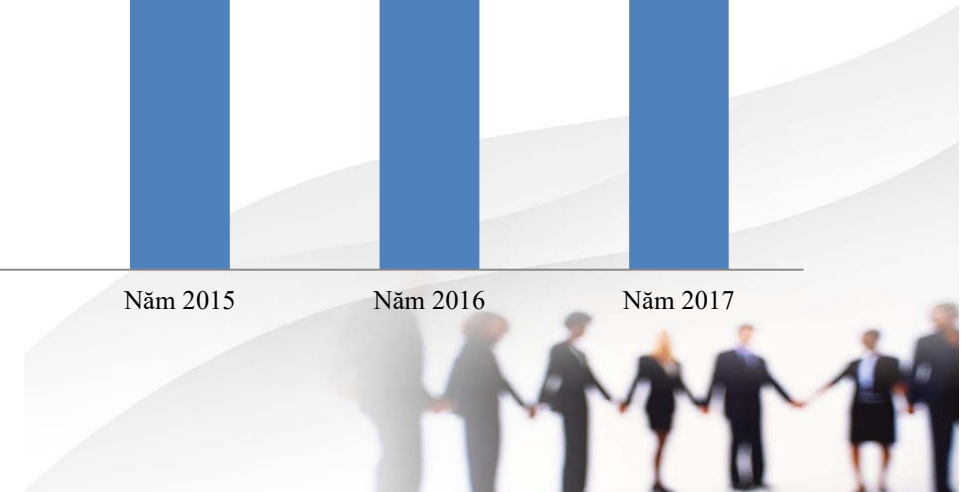
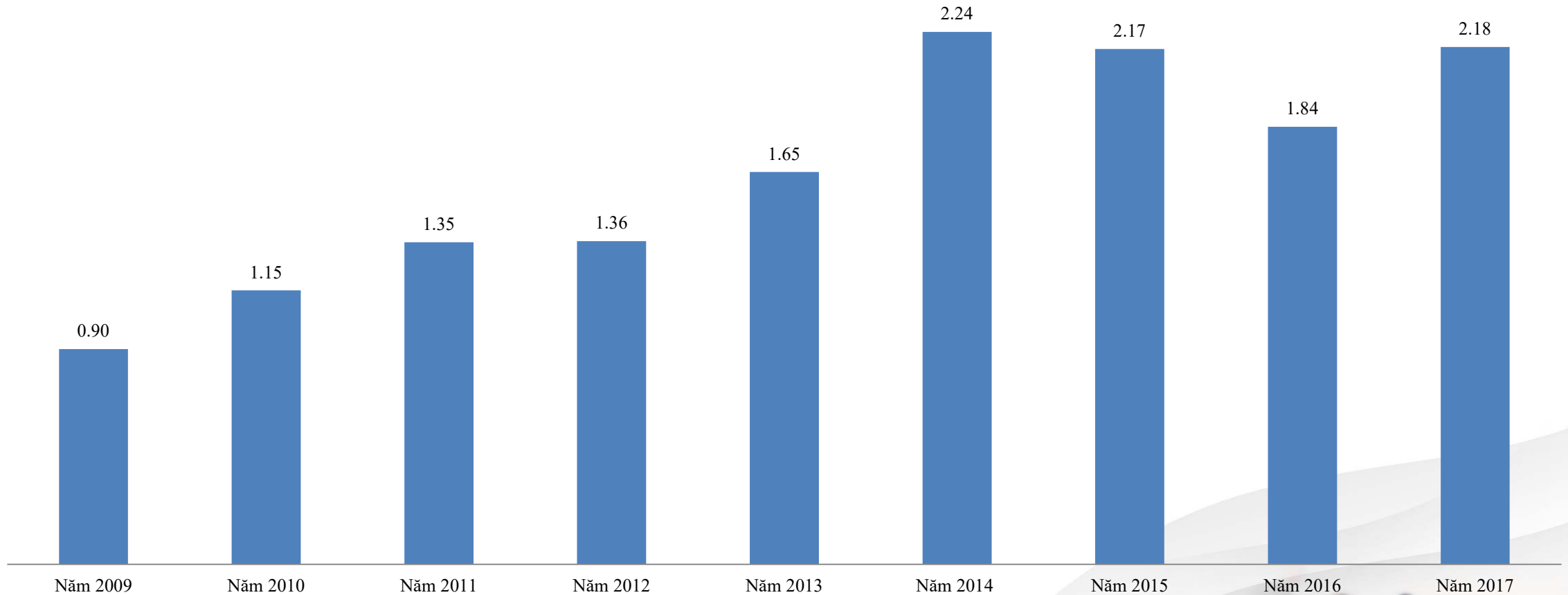


Export-import balance 2015-2017

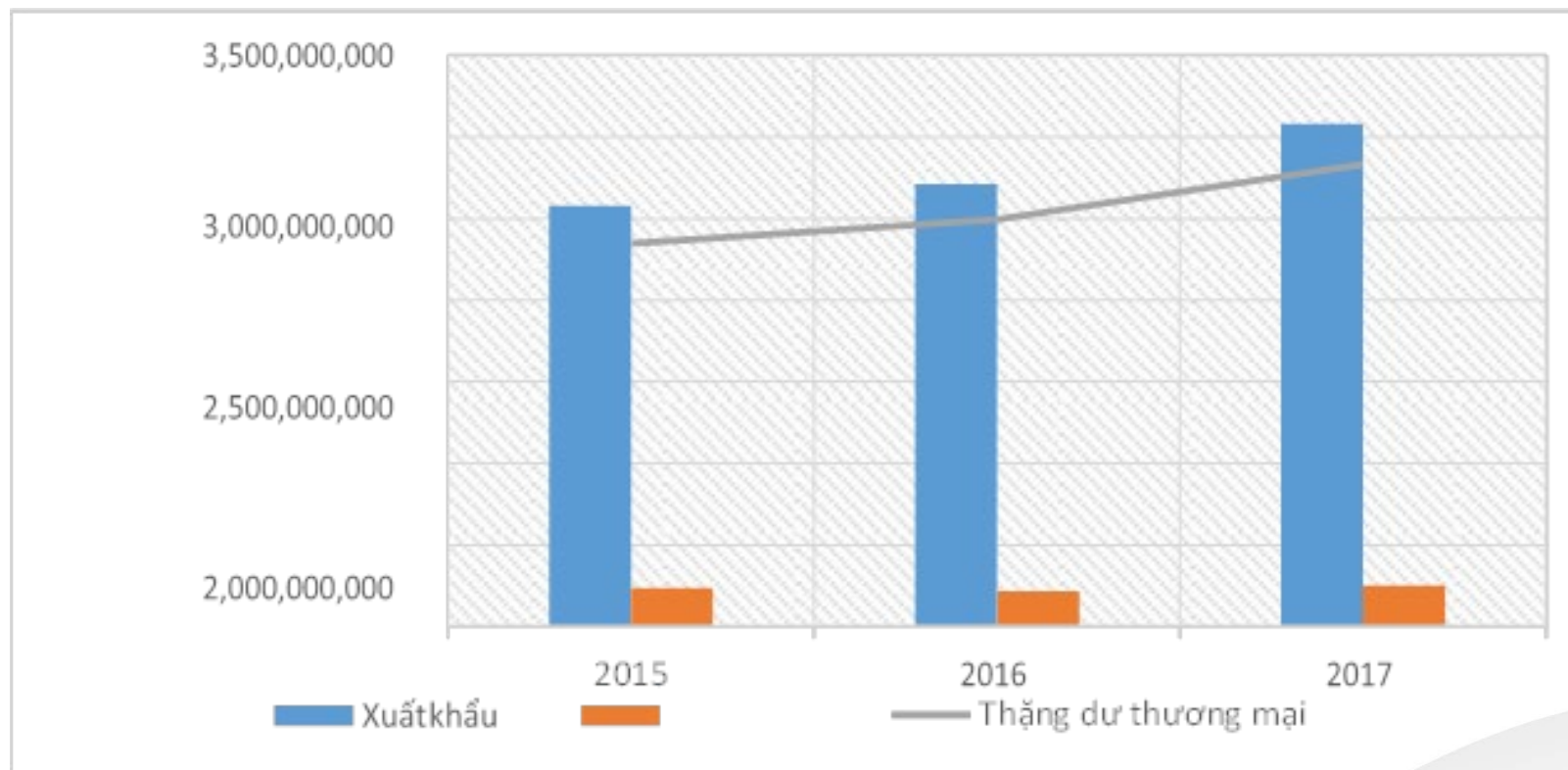


Vietnam importing wood products

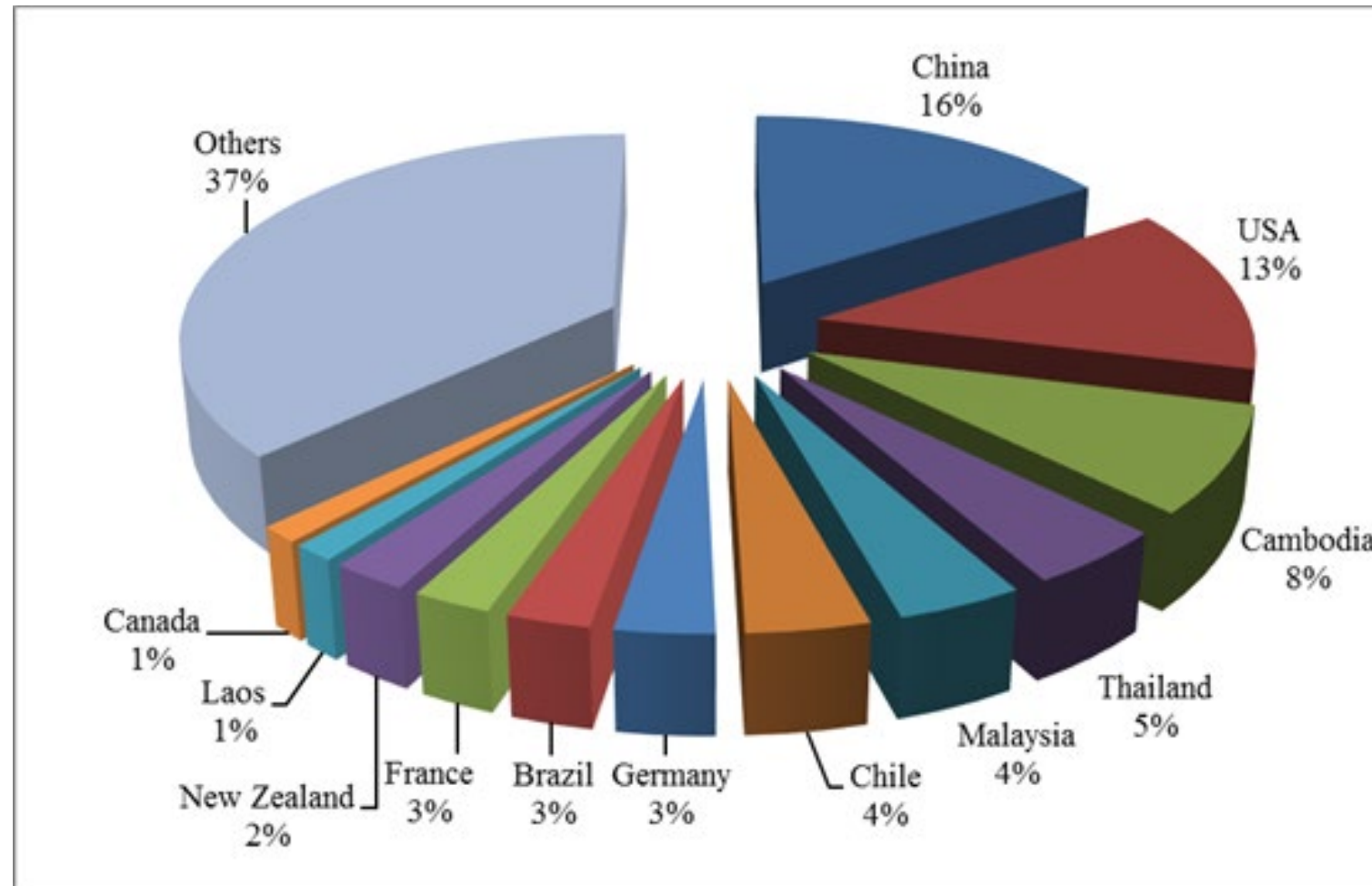
Timber import 2009 - 2017



Export-import balance 2015-2017



Top wood suppliers for VN



3. Main challenges facing wood trade

At regional level:

- ✓ Deforestation & and criticism of the west;
- ✓ Reduction of natural timber resource;
- ✓ Low law enforcement & illegal logging;
- ✓ Border trade of illegally sourced timber;
- ✓ Lack of national forest certification schemes & dependency on FSC, PEFC, VPA/FLEGT...
- ✓ Lack of widely recognized brands & indirect connection with overseas markets;
- ✓ Lack of regional cooperation in timber trade;
- ✓ No networking/linking amongst timber associations;
- ✓ No commonly adopted standard/criteria applied in timber industry.

At global level:

- ✓ Wood legality requirement & its pressure/burden on wood trade & wood producer (small household/farmer);
- ✓ Higher production cost, no compensation;
- ✓ Just market premium, no price premium !.



4. Promoting wood trade

Locally produced wood

- Extending cutting rotation to produce bigger wood;
- Promoting forest certification (FSC, PEFC);
- Partnership between wood manufacturers & farmers for better wood marketing (bigger-sized & certified wood);
- Diversifying wood products for export: woodchip, furniture (in-door, out-door, wood-based panels, wood pellet);
- Organization of wood trade fairs (VIFA Expore & VIFA Home) & branding.

Imported wood

- Strengthening law enforcement to control wood supply chain & assure wood legality;
- Diversifying supplying sources, increasing hard wood from Africa to replace wood imported from SEA;
- Getting readiness to implement FLEGT VPA (signed 19/10/2018).



Many thanks for your attention !

