

## **Viet Nam: Wood Industry Short of Raw Material, Sound Policies**

The Secretary General of the Viet Nam Timber and Forestry Products Association, Nguyen Ton Quyen, talked with Thoi bao Kinh te Viet Nam (Vietnam Economic Times) about Viet Nam's export of wood products.

The year 2005 marks an in-crease in wood export turnover compared to 2004 figures, in spite of many difficulties in material resources. How do you explain this increase?

The State allows 150,000 cu.m of wood from natural forests and 1.2 million cu.m of wood from planted forests to be exported.

However, the planted wood lacks the diameter and durability of natural wood, so it can be used for pulp and artificial plank.

As a result, the wood industry must import US\$600 million of wood from Malaysia, Indonesia, Australia, New Zealand, Tanzania, Mozambique, South Africa and Brazil.

Because of these countries' protective policies, we had to purchase wood at a price 20 per cent higher in 2005.

Buying and selling were not easy, as both sides need to have the Forest Stewardship Council certificate.

We have to import wood in small amount as we do not have sufficient storage facilities.

This increases the expense of collecting wood and finding storage.

We currently need about 120,000 technical workers, but have only 20,000.

The ministries of Finance and Labour, Invalids and Social Affairs have paid attention to training and the need for capital, but the scale is too small.

Can we maintain such a market for long?

The key markets to target are the US, European Union and Japan.

The US itself imports \$25 billion of wood products and Viet Nam supplies but \$500 million of that. It spends about \$8 billion to import wood products from mainland China, \$3-4 billion from Taiwan and \$2 billion from Indonesia.

That means we have little influence in that market.

The EU market also spends \$85 billion to import wood products, including about \$500 million from Viet Nam.

The Japanese market, which is rather strict and careful, is very suitable with Viet Nam's wood products.

However, we should not be impatient in exporting, as all goods exported to the US market with the turnover of 3 per cent face a set dumping tax.

This problem can only be solved by the State.

Thus, the \$1.7 billion in export turnover in 2005, which records a 44.2 per cent growth against 2004's figures, was a big success.

How should we ensure a steady supply of material sources?

In the long term, we should evaluate the situation of wood produce and export in all aspects such as material, quality, technology, market and trade promotion.

Then we will have solutions for obstacles.

By 2010, we need to have 12 million cu.m of wood, including 6 million cu.m of small wood for wood chips, paper and plank, and 6 million cu.m of wood for wood products and materials for capital construction.

We still have to import 4 million cu.m of wood.

The demand for 2020 will be 10 million cu.m of small wood and 12 million cu.m of big wood.

Currently, there has been no detailed State plan nor special workshop for wood export activities.

What other problems need to be addressed?

The State should have policies so that enterprises can hire dock warehouses with prioritised prices.

Wood trading centres will be established near sea harbours in three regions as we always import hundreds of thousands of cu.m of wood.

The State should also re-arrange the wood industry by locating the pulp sector near harbours, while wood products should be located in cities.

Every year, the wood industry needs more than VND1 trillion (\$63 million) of capital. By 2010 the money would be VND15-16 trillion.

The State will lend 20 per cent and enterprise will contribute 30 per cent, so that means 50 per cent is lacking.

This problem can be solved once we have a proper policy to attract investment.

Currently, we need 200,000 cu.m of material to produce 100,000 tonnes per year. That means we need 6,000ha of planted forest.

The State should also have financial support for enterprises to apply advanced technologies.

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