



VIETNAM EXPORT WOOD PELLET AND WOODCHIP IN THE FIRST HALF OF 2024

FOREST POLICY, TRADE AND FINANCE INITIATIVE PROGRAM

AUGUST 2024

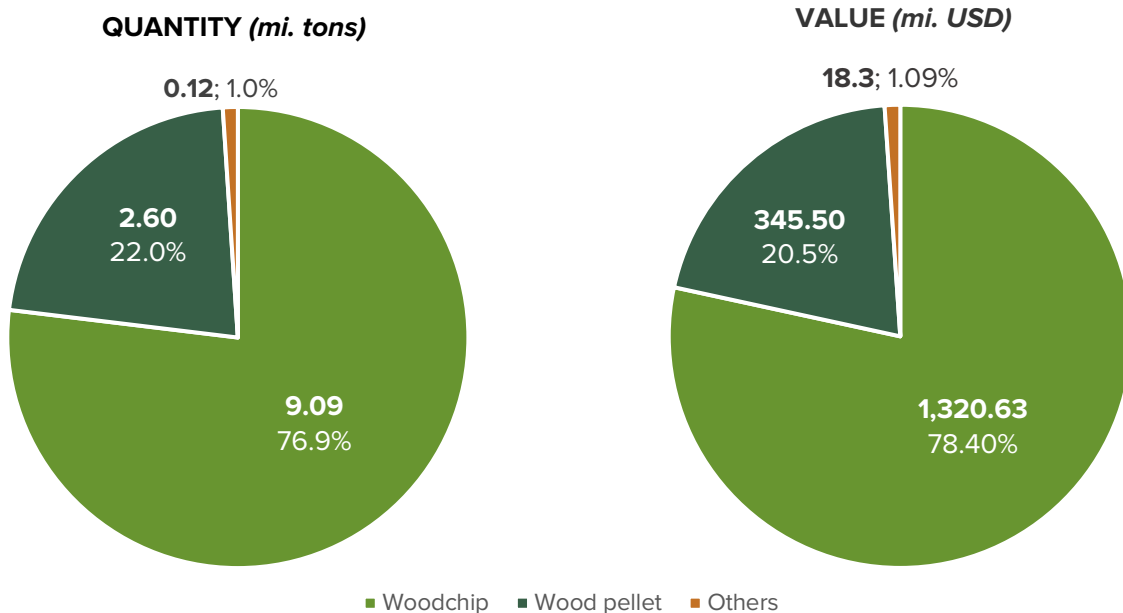
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1. Overview

With more than 4 hectares of plantation forests which consist of mainly acacia and some other species such as pine, eucalyptus and rubber, Vietnam possesses a strong advantage in producing and supplying woody biomass products such as woodchip, pellet, shavings, firewood, etc. used in many different purposes such as paper production, thermoelectricity, food processing, animal production, etc. Among them, woodchip and wood pellet are the two major woody biomass products of Vietnam (Figure 1 and Table 1).

Figure 1: Ratio of key woody biomass exports of Vietnam in 6M/2024



Source: Research group of timber associations and Forest Trends calculated from Vietnam customs data

In the first half of 2024 (6M/2024), Vietnam’s woodchip export reached nearly 9.1 million tons and over 1.3 billion USD while wood pellet export reached 2.6 million tons and 345.5 million USD. These two products account for nearly 99% of total woody biomass export of Vietnam in both quantity and value term.

Table 1: Export quantity and value of Vietnam's woody biomass in 6M/2024

Items	HS Code	Quantity (ton)	Value (USD)	% Quantity	% Value
Woodchip	4401210090	9,091,381	1,320,631,934	76.92%	76.92%
	4401220090				
Wood pellet	44013100	2,604,523	345,495,085	22.04%	22.04%
Shavings	4401210010	29,695	4,030,882	0.25%	0.25%
	4401220010				
Fuel wood	44011100	1,888	793,649	0.02%	0.02%
	44011200				
Wood briquettes	44013200	862	156,543	0.01%	0.01%
Sawdust and wood waste and scrap, agglomerated in logs or similar forms (excl. pellets and briquettes) ¹	44013900	90,907	13,256,983	0.77%	0.77%
Sawdust, not agglomerated	44014100	278	49,678	0.002%	0.002%
Wood waste and scrap, not agglomerated (excl. sawdust)	44014900	31	9,379	0.0003%	0.0003%
Total		11,819,563	1,684,424,134	100%	100%

Source: Research group of timber associations and Forest Trends calculated from Vietnam customs data

Figure 2: Monthly average woodchip and wood pellet export price of Vietnam from Jan 2022 to June 2024



Source: Research group of timber associations and Forest Trends calculated from Vietnam customs data

¹ such as agglomerated shavings, molded pallet stand made from agglomerated saw dust.

After the booming period with intensive competition for raw materials between wood pellet and woodchip sectors in 2022, the export prices of both items has dropped significantly in the first half of 2023 and stayed around 140 – 145 USD/ton for woodchip and 130 – 135 USD/ton for wood pellet since then. Compared to the first quarter of 2024, wood pellet and woodchip export prices continued to decline in Q2/2024. However, woodchip experienced a smaller drop than wood pellet (Figure 2).

2. Export markets

2.1. Wood pellet

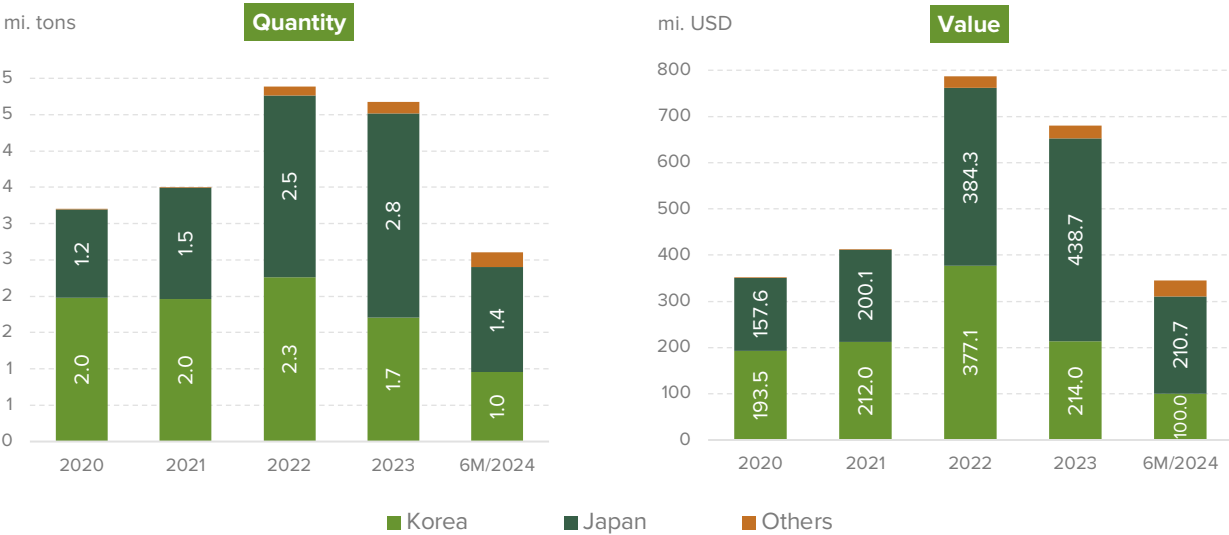
Japan and South Korea still maintain their position as the biggest export markets of Vietnam’s wood pellet. The two countries accounted for about 90% of the total wood pellet export quantity and value of Vietnam. The share of the EU has expanded compared to 2023, accounting for nearly 10% of wood pellet quantity and value exported by Vietnam in 6M/2024 (Table 2 and Figure 3). Compared to 6M/2023, wood pellet export has increased by 25.9 in quantity but only 6.4% in value.

Table 2: Quantity and value of Vietnam’s wood pellet exported to key markets in 6M/2024

Market	Quantity (tons)	Value (USD)	% Quantity	% Value
Japan	1,440,066	210,678,866	55.3%	61.0%
South Korea	959,430	100,032,281	36.8%	29.0%
EU	201,399	34,197,029	7.7%	9.9%
Others	3,665	586,909	0.1%	0.2%
Total	2,604,560	345,495,085	100%	100%

Source: Research group of timber associations and Forest Trends calculated from Vietnam customs data

Figure 3: Quantity and value of Vietnam’s wood pellet exported to Japan and South Korea from 2020 to 6M/2024



Source: Research group of timber associations and Forest Trends calculated from Vietnam customs data

In Q2/2024, wood pellet export price continued to drop as in Q1/2024 (Figure 4). In 6M/2024, the average export price of wood pellets is about 132.6 USD/ton. In the two main markets, Japan and South Korea, the average export price of wood pellets is about 146.3 and 104.3 USD/ton, respectively. With the current downward trend, the export price of wood pellets in Japan may soon fall back to the level before the rush in 2022. On the other hand, many businesses are facing difficulties when exporting to South Korea due to high production costs because they have to compete to purchase input materials while the export price is too low, only equal to that of 2021.

Figure 4: Monthly export prices of Vietnam’s wood pellet in key markets from Jan 2022 to June 2024



Source: Research group of timber associations and Forest Trends calculated from Vietnam customs data

2.2. Woodchip

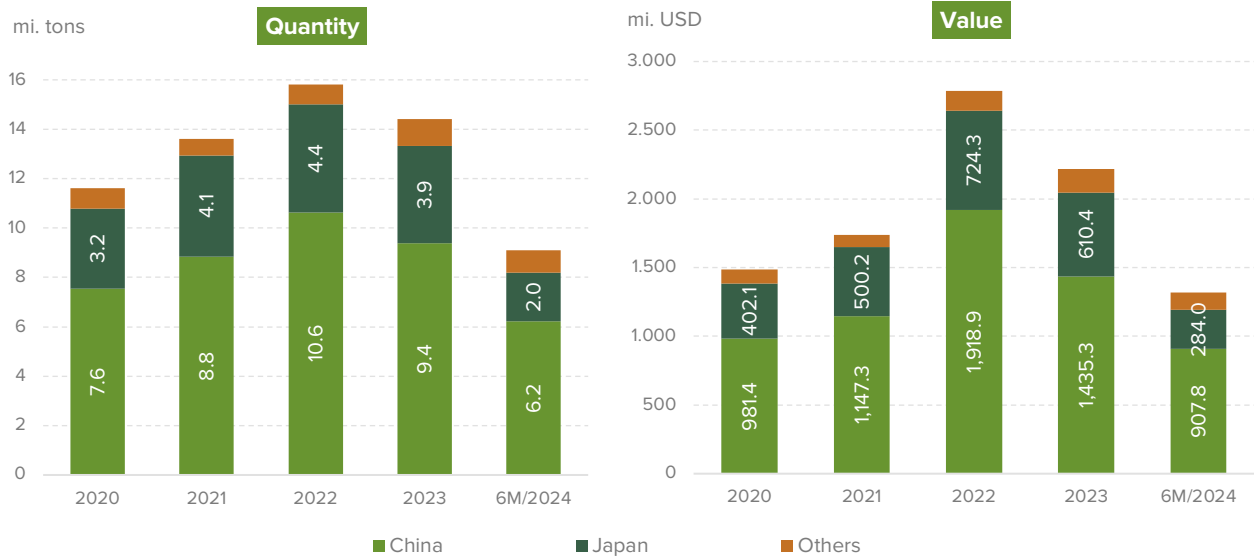
China and Japan remain the two main markets importing woodchips from Vietnam in the first 6 months of 2024 (Table 3 and Figure 5). These countries account for more than 90% of Vietnam's total woodchip export turnover. Compared to the same period in 2023, woodchip export turnover increased by 47.3% in volume and 31.3% in value.

Table 3: Quantity and value of Vietnam’s woodchip exported to key markets in 6M/2024

Market	Quantity (tons)	Value (USD)	% Quantity	% Value
China	6,217,706	907,790,716	68.4%	68.7%
Japan	1,979,813	284,002,164	21.8%	21.5%
Indonesia	599,758	85,153,434	6.6%	6.4%
South Korea	271,476	40,544,407	3.0%	3.1%
Others	22,628	3,141,213	0.2%	0.2%
Total	9,091,381	1,320,631,934	100%	100%

Source: Research group of timber associations and Forest Trends calculated from Vietnam customs data

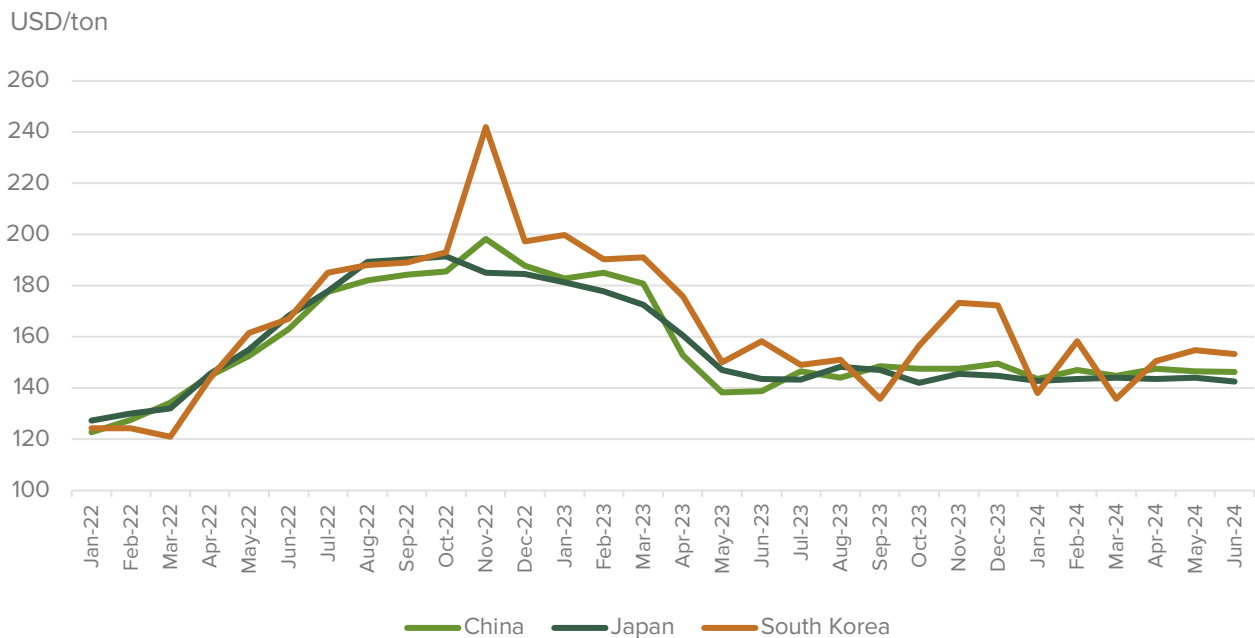
Figure 5: Quantity and value of Vietnam's woodchip exported to China and Japan in 6M/2024



Source: Research group of timber associations and Forest Trends calculated from Vietnam customs data

Compared to Q1/2024, the export price of woodchips did not fluctuate much in Q2/2024 (Figure 4). In 6M/2024, the average export price of woodchips reached about 145 USD/ton. In the two main markets, China and Japan, the average export price of woodchips reached about 146 and 143.4 USD/ton, respectively. The average price in the South Korean market was higher than these two markets, reaching more than 149 USD/ton, but had relatively large fluctuation.

Figure 6: Monthly export prices of Vietnam's woodchip in key markets from Jan 2022 to June 2024



Source: Research group of timber associations and Forest Trends calculated from Vietnam customs data

3. Key findings

3.1. Wood pellet

- In Japan, some co-firing facilities was shut down unplanned and the operation of new plants was delayed in the second half of 2023. Palm kernel shell (PKS) consumption was much lower than previously forecast. At least 621MW of capacity has been added in 2023 and at least 580MW of additional capacity is scheduled to operate in 2024 using wood pellets, PKS and other biomass feedstocks.
- There has been a significant increase in power plant capacity in Japan in recent years, most of which operate under FIT or FIP schemes. This has increased Japan's pellet consumption, and the country is expected to overtake the UK - the largest global pellet consumer - in the coming years.
- In South Korea, as the government no longer maintains incentives for biomass power, there have been almost no new projects investing in this sector recently. On the other hand, the supply of pellets from Russia to the country remains stable, so the market situation is unlikely to improve for imported pellets from Vietnam soon.
- As long-term contracts for North America and Southeast Asia will come into effect in the near future when the co-firing capacity has increased, pellet consumers in Europe and Asia Pacific may have to compete for supply from North America, especially during times of high market demand.
- Tight short-term supply: pellet production capacity in the Atlantic and Asia Pacific regions will increase but the shortage will sustain in the near future due to many factors such as lack of raw materials

3.2. Woodchip

- The demand for woodchip imports from China will continue to increase in the upcoming period. However, the country has gradually tightened her regulations on controlling the legality of woodchips, especially on traceability.
- The woodchip sector has to continue the competition for raw materials with other sectors such as plywood, pellets, etc. In the context of falling export prices and rising raw material prices, the government and businesses need to have a long-term strategy to stabilize raw material sources, improve product quality and competitiveness in the international market.