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Korea (RoK) and Japan become biggest importers of Vietnamese wood pellets

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The Republic of Korea (RoK) and Japan have become the biggest importers of Vietnamese wood pellets, accounting for over 95% of Vietnamâ??s total export of this product, according to the Vietnam Timber and Forest Product Association.Vietnam Timber and Forest Product Association.

The wood pellets exported to the RoK are primarily made from by-products of the wood processing industry, such as sawdust, wood shavings, and leftover wood scraps. The exporters are mostly in the southeastern region where wood furniture factories are concentrated.

As of June 2023, the volume of wood pellets exported to the RoK reached 0.65 million tonnes, equivalent to $96.1 million in value, representing a decrease of 41% in volume and 45% in value year-on-year.

Meanwhile, the Japanese market has shown high stability in both volume and price. In January-May, Vietnamâ??s exports of wood pellets to Japan reached 0.87 million tonnes worth $151 million, down 5.7% in volume and up 19.7% in value annually. The orders received are mostly long-term contracts.

The price of export to the RoK in June was only around $110 per tonne while that to Japan ranged from $145-165 per tonne.

Japan requires pellets from domestically grown timber in forests with sustainable forest management certification (FSC). This source of raw material is mainly available in areas with a high concentration of planted forests in Vietnam, particularly in the central and northern regions.

Vietnam has become the worldâ??s second biggest manufacturer of wood pellets, only behind the US. From 2013-2022, the volume and value of Vietnamâ??s wood pellet exports increased by 28 and 34 times, respectively.

According to the General Department of Vietnam Customs, Vietnam exported 1.57 million tonnes of wood pellets valued at around $256.5 million in the first five months of this year. Exportation is currently on an upward trend.