Pulp and plantations development in Thailand, Vietnam and Cambodia

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Situation map
Overview of Thai pulp & plantations sector

- Pulp production: for domestic paper production and limited exports
- Paper production: idem HK, Malaysia, and China: leading Thai paper export markets
- Woodchip production: essentially volatile exports to Japan, North America
- 25 year history of resource conflicts and displacement associated the industry
Pulp production: 
\( \cong 965,000 \text{ tonnes}, \)  
\( \cong \frac{1}{3} \text{rd exported} \)

Chip production: 
\( \cong 440,000 \text{ bdT}, \)  
\( \cong \frac{4}{5} \text{th exported} \)  
+ 110,000 bdT (2004)

Plantations: 
\( \cong 0.35 \text{ million ha} \)  
(RFD) or \( \cong 4.0 \text{ millions ha} \)  
(FAO)
Short fibre pulp production, 2003 (est.)

- Estimated Total: 965,000 tonnes/yr
- Utilization rates are high (96%, paperloop.com 2002)
Paper production, 2003 (est.)

- Estimated Total: 1,590,000 kraft + 802,000 p&w = 2,392,000 tonnes/yr
Wood chip production, 2004 (est.)

- Estimated Total: 550,000 bdT/yr
- Siam Tree Development
- Thai Wittawat
- KLI
- Kittawee
- Thai Martin

Thailand
FAO 2001 thailand plantations data by species:

- Rubber
- Teak
- Pine
- Other B-Leaf
- Eucalyptus
- Acacia
- Casuarina

Plantation Area * 1 000 ha. - Total 4.9 million Ha.
eucalyptus plantation holdings in Thailand (from Nakarin, 2001)

Estimated Total: 446,400 ha
Productivity: Case of Siam Forestry co. (spp group)

- Productivity is generally low
  - Max yields on company-managed eucalyptus plantation are approx. 28 GMT/ha./yr
  - Smallholder yields usually between 12 - 15 GMT/ha./yr
- Factory gate prices in the range of 1,000 baht / T (approx. USD $25)
- Note: SPP also purchases from NE woodchippers if supply is tight
Prospects...

- AA only company with sizeable company-owned plantations, but have moved supply teams into NE as well.
- Phoenix and SPP report growing tightness in eucalyptus supplies = move to establish contract outgrower systems.
- Attempts to restart state support for eucalyptus farmers.
- Current AA-Chinese expansion project is stalled, likely due to lack of available land in east Thailand & fiscal position of AA.
Thai forest and livelihood impacts...

- Requires a detailed understanding of the complexity of legal & informal Thai land tenure systems
- Displacement occurs as a result of lack of legal title in Forest Reserve zones
- Lack of traceability in supply means fibre may be sourced from rural elites or state actors previously involved in forced evictions
- Barney (2002) documents economic-linked plantations displacement due to heavy farmer debt burdens + rapid commercialization in eastern Thailand (AA areas)
- Loss of natural forest not currently associated with plantations in Thailand (was a factor up to the late 80s)
Overview of Vietnamese plantations sector...

- Woodchip production almost exclusively for export, pulp and paper for domestic market only
- Current pulp & paper focused on domestic market expansion project is the 5M T/y
- Official stats = 1.5 M Ha of existing plantations, but suggested of low quality
- Plans for 2 million Ha of production forest plantations expansion closely linked with land allocation programmes
Vietnam Plantation index

Production capacity (T/y)

- 430,000
- 215,000
- 107,500

- Woodchip sector largely tied to the Japanese, Korean or Taiwanese parent companies
Existing woodchip producers

- Estimated Total: 635,000 bdT/yr
Vietnam plantations data by species:

- Total plantation area: 1.2 million ha.
- Acacia / Eucalyptus: 600,000 ha.
- Rubber: 400,000 ha.
- Pine: 200,000 ha.

Thailand
Industrial plantation ownership in Vietnam (from FAO, 2001)

- 70% public ownership?
Projected pulp expansion

Vietnam

Today 2005 2010

Production Imports
Can such a scenario be viable?
Sample productivities and supplies structures...

- **Vijachip Danang**:
  - 40% Eucalyptus (4-5 m3/Ha/y), 60% Acacia hybrid (12 m3/Ha/y)

- **QPFL (Quy Nhon)**:
  - 20% Eucalyptus (5 m3/Ha/y), 80% Acacia and Acacia hybrid (8-15 m3/Ha/y)

- **SFR (Dong Nai)**:
  - 100% Acacia hybrid (7-8 m3/Ha/y)

- **Sanrimjohap (HCMC)**
  - 100% Acacia hybrid (25-30 m3/Ha/y) ????
Vietnam- further research questions...

- Need to develop a better picture of pulp mills expansions & their supply strategies
- Potential impacts on natural forest not clear
- Livelihood impacts must be studied in relation to ongoing decentralization & land allocation policies- upland central highlands likely key for resource displacement effects
- Vietnamese entrepreneurs entering the chip industry
Cambodia overview:

- No evidence that natural forest is being used for chipping
- Pheapimex-Fuchan pulp mill project involves China Cooperative State Farm Group, many questions over actual viability, & little current movement behind the project
  - project just a vehicle for Pheapimex access to remaining forest?
- Limited export woodchipping in 2002, halted in 2003 due to supply constraints
Cambodia policy context

- Era of anarchic logging coming to a close (just running out of forest)
- Moves behind land concessions for tree crops (rubber, oil palm, cashew, + Pheapimex teak & eucalyptus)
- 25 land concessions awarded- over 700,000 ha.
17 out of 17 land concession holders which have taken action to demarcate their concession have noted land conflicts with rural people.

Resource conflicts are widespread.
Limited woodchipping...

- DFW: established 11,000 ha. of plantations established between 1985-2002
- Hilco (Sihanoukville) processed 8,100 GMT for chip export, to Japan in 2002
  - Contract has expired due to lack of log supply
- Other v. minor plantation wood processors: Goodhill, TR Nimex, Pailin Peanich (active?)
Case of Pheapimex-Fuchan

- 176,000 ha. land concession in Kampong Chhnang + 139,000 ha. in Pursat prov. for eucalyptus plantation
- Limited plantation trials have been initiated, active resistance organization by local/NGO groups
- Pheapimex head Ms. Yeay Pho (aka Chung So Pheap) awarded 6% of the country under logging and land concessions
Plantation prospects...

“...there is nothing specific developing in terms of a policy framework for forest plantations- nobody is seriously looking into this.”

- Henry Kong- Cambodian Timber Industry Association, interview:
  July 31, 2003
Cambodia prospects...

- At this time, Pheapimex project moving only very slowly, many questions concerning overall viability of the project
- Cambodia is developing other tree crop plantation enterprises, through land concessions
- Still a poor site for FDI in plantation (lack of legal structures, corruption, infrastructure etc.)