

**Operations Commence at Vietnam-Japan Chip Vung Ang Corporation,
a Plantation Wood Chip Processing and Sales Company in Vietnam**

TOKYO(May27,2002)--In October 2001, at Vung Ang in Ha Tinh Province in central Vietnam, Nissho Iwai Corporation established Vietnam-Japan Chip Vung Ang Corporation (VIJACHIP VA), a joint venture to process and sell plantation wood chip, and will commence operations in June.

VIJACHIP VA has a capital of US\$1.5 million (approx. 190 million yen), with Nissho Iwai making a 60% investment, and the Vietnam Forest Corporation (Vinafor), the largest state-owned company in Vietnam to handle forest products, making a 40% investment. The company's annual processing capacity is 300,000 tons, and expected sales are \$12 million (approx. 1,500 million yen). VIJACHIP VA will export plantation wood chip to Japan, providing its total output to Oji Paper Co., Ltd.

Wood chip purchases by paper manufacturers are shifting from native wood to plantation wood, owing to environmental concerns such as the protection of forest resources and the prevention of global warming. The plantation wood chip processing business in Vietnam is following in the wake of such trend. The major raw woods, eucalyptus and acacia, will be grown as plantation wood in Ha Tinh Province and Quang Binh Province.

Nissho Iwai's forestry and wood chip production businesses in Vietnam began with Vietnam-Japan Chip Corporation, which was established in Danang City in Quang Nam Province in 1993. In 1995, Nissho Iwai established Quy Nhon Plantation Forest Co. of Vietnam Ltd. (QPFL) in Binh Dinh Province, together with Oji Paper Co., Ltd. and Dai Nippon Printing Co., Ltd. VIJACHIP VA is the company's third forestry and wood chip production business in Vietnam.

In addition to projects in Vietnam, Nissho Iwai participates in two joint projects with Oji Paper in Victoria, Australia as overseas forestry and wood chip production businesses. Nissho Iwai has already implemented afforestation plans covering 25,800 ha, against the targeted afforestation area of 43,000 for a total of five projects that are being carried out in Vietnam and Australia.

Nissho Iwai, which is currently executing its "Mid-term Management Plan 2005", cites environmental business as one of the new business developments. The company will aggressively develop environmentally conscious papermaking material businesses, and plans to import a total of 1,200,000 tons of wood chip; 800,000 tons a year from Vietnam in 2003, and 400,000 tons a year from Australia from the year 2009. From now on, Nissho Iwai will expand its papermaking material business focusing on plantation wood in Malaysia and Thailand.

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