

An Afforestation and Woodchip Manufacturing Business that Grows with Local Farmers

Providing a stable supply of woodchips to make paper, an indispensable material in daily life, while conducting a parallel afforestation business shows concern for environmental protection, and therefore contributes to regional economic development. Sojitz has had great success with this business model in Vietnam, and is now beginning to apply it in Africa as well.

Sojitz is the largest stakeholder in Vijachip, a joint venture in Vietnam with five local forestry companies. Vijachip operates three chip manufacturing plants in Vietnam while carrying out afforestation projects nearby. The most noteworthy feature of this business is that it is not a typical large-scale tree-planting operation project run by a foreign company. While the five forestry companies are stockholders in Vijachip, they also participate in the project as partner companies. Through the partner companies, Vijachip provides loans or distributes free seedlings to local farmers, who do most of the planting and caring for the trees.

The trees planted by the farmers are bought by Vijachip to be processed into woodchips and exported to Japan. The number of trees Vijachip will buy is set in advance, so the farmers are guaranteed a certain level of income. That

reinforces their motivation to plant trees. Consequently, this program makes barren areas green again and contributes significantly to development of the regional economy.

Trees have been planted on approximately 26,000 hectares by this method, and the afforestation and woodchip manufacturing business in Vietnam creates jobs for some 500,000 people annually. Sojitz aims to expand this business model to other regions, and has started by participating in an afforestation and woodchip manufacturing business in southern Africa. We have established the tree-planting company Sojitz Forest Management (Pty) Ltd. in South Africa with two local companies, and the chip processing and export company Maputo Wood Chips Limitada in neighboring Mozambique, and plan to undertake an integrated business from tree planting to chip export.

Sojitz is now considering expanding application of this business model to ASEAN countries such as Laos and Cambodia.



Plantation in South Africa

