

## **NISSHO IWAI TO ESTABLISH A WOOD CHIP MAKING & SALES JOINT VENTURE IN VIETNAM**

**TOKYO(May 19, 2001)--Nissho Iwai Corporation** has decided to set up a wood chip making & sales joint venture this June, 2001 in the Vung Ang seaport industrial zone in Vietnam . The new company, temporarily named "VIJACHIP NO.2," will have a wood chip making capacity of 300,000 tons a year.

The new company's revenue for 2005 is expected to be 13 million dollars. **Nissho Iwai** will take up 900,000 dollars, or 60%, of the new firm's total capitalization of 1.5 million dollars, with the remaining 40% to be taken up by Vietnam Forest Corporation (Vinafor).

**Nissho Iwai** has already invested in the chip making plant "VIETNAM-JAPAN CHIP CORP.(VIJACHIP)" located in Da Nang port in central Vietnam and also in the foresting firm "QPFL CORP." in Binh Dinh province. The forthcoming joint operation makes **Nissho Iwai's** third wood & chip project in Vietnam. Since its first operation in 1993, VIJACHIP has been increasing its chip exports steadily as the largest chip supplier in Vietnam, with its whole chip production supplied to Oji Paper of Japan. The entire production of chip by VIJACHIP NO.2 is also meant for Oji Paper.

The new plant is the first project to be located in the Vung Ang seaport industrial zone in Ha Tinh province in north central Vietnam. With Vung Ang port scheduled to open in June, the Vietnamese government has been inducing foreign companies to come and operate in this industrial park.

Purchases of chip by Japan's pulp & paper makers have been shifting from natural wood based to forested wood based in light of the preservation of forest resources and the environmental awareness, and also from far-away sources to nearer sources. The chip making operations in Vietnam are meant to coop with these changes. Eucalyptus as the major wood for chip comes from the forestation and reforestation operations of nearly 15,000 hectares. **Nissho Iwai** will continue to aggressively pursue the integrated businesses of forestation and chip making in an environmentally friendly manner.

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