



Forestry Innovation
Investment®

MARKET DEVELOPMENT SUMMARY

VIETNAM

Hemlock furniture trials made for the “Try Canadian Wood” program | Photo: FII

IMPORTANCE OF FORESTRY AND TRADE DIVERSIFICATION

Developing diverse markets for exports is critical to the health of the Canadian forest sector and the economy. Strategic investments made early in emerging markets such as Vietnam can establish a better awareness of Canadian species, secure market share and deliver long-term returns.

Why Vietnam?

- **Second largest exporter of wood furniture in Asia**
- **Double-digit growth in furniture exports even through global pandemic**
- **CPTPP trade agreement reduces barriers to trade**
- **Limited domestic supply and declining availability of imported wood from traditional sources**
- **Growing interest in the benefits and suitability of softwoods**
- **Increasing demand for legal, sustainable and certified sources of wood**



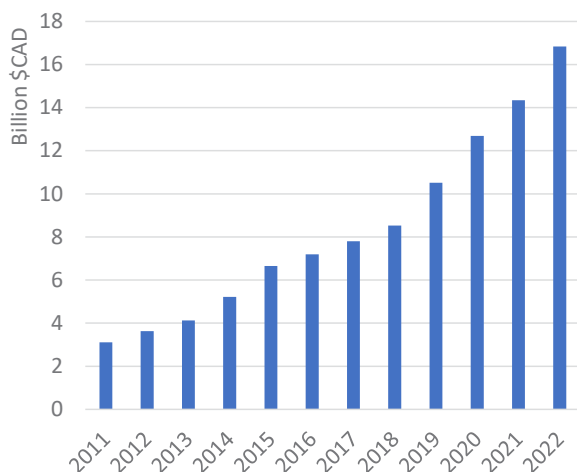
Canadian wood samples | Photo: FII

BUILDING A MARKET FOR B.C. WOOD PRODUCTS IN VIETNAM

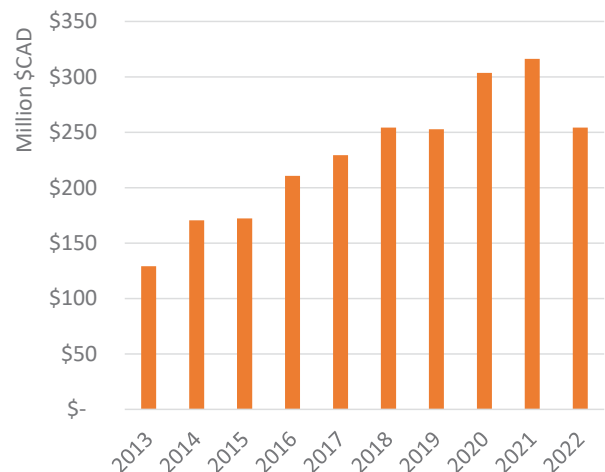
Vietnam has a long and distinguished history of producing furniture products for its domestic market and, in the last 20 years, for export. Today, Vietnam is the second largest exporter of wooden furniture in the world after China. In 2022, the world imported* CAD \$10.9 billion of wooden furniture products from Vietnam, with the U.S. alone importing CAD \$8.1 billion.

Vietnam's value-added wood products processing has far outpaced the growth of domestic wood supply. This, combined with decreased supply of Southeast Asian hardwoods, presents opportunities to introduce Canadian softwood species for import. Vietnam's imports have steadily increased over the last 10 years, with a slight downward shift in 2022 due to COVID-19, geopolitical, and logistics challenges. This is considered to be temporary in nature and the pre-pandemic upward trend is expected to resume.

WORLD IMPORTS OF WOODEN FURNITURE FROM VIETNAM



VIETNAM IMPORTS OF SOFTWOOD LUMBER



*Imports from Vietnam are reported for consistency purposes. Note that import values include cost, insurance, and freight (CIF).

PHASE 1: CREATING DEMAND FOR CANADIAN WOOD SPECIES

In 2015, FII, Natural Resources Canada and the Canada Wood Group completed market assessments of key markets in Southeast Asia. The initial analysis concluded that Vietnam represents the strongest short-term market opportunity for B.C. of the markets studied.

FII began initial inroads in 2017 with a small in-market team focused on pursuing product trials, supplying small quantities of Canadian softwood species and providing technical support to strategic groups of manufacturers to try the products locally. Product trials are a low-cost way

to encourage key audiences to sample Canadian products, as well as showcase the use of species not well known in Vietnam, particularly in the furniture sector.

In 2022, FII established an office in a major furniture manufacturing district near Ho Chi Minh City. FII's team in Vietnam is focused on expanding business development opportunities in the manufacturing industry in the southern region of the country, which is home to over 4,000 major furniture factories, employing anywhere from several hundred to over 10,000 workers per facility.



HAWA Expo 2023 | Photo: FII

PHASE 1: OBJECTIVES

The objective in Vietnam is to help build demand for, and create awareness of, Canadian softwood species as a substitute for traditional hardwoods in the furniture manufacturing sector.

The market development approach for Vietnam focuses on the following (pre-commercial) activities:

1. **Infrastructure** — providing hands-on support for the B.C. forest industry through a skilled and knowledgeable team based in Binh Duong province.
2. **Research** — continuing to refine the understanding of opportunities for Canadian species and products, while also identifying and building a network of local partners and customers.
3. **Education** — providing information, tools and training to local importers and manufacturers to maximize the use of B.C. species in a variety of applications.
4. **Promotion and Outreach** — targeting promotional activities to build knowledge about Canadian wood products while expanding opportunities in the furniture manufacturing sector.
5. **Commercialization** — positioning Canadian species with local manufacturers via product trials to demonstrate the features and benefits of Canadian wood species, through the “Try Canadian Wood” program.
6. **Engagement** — engaging as required with state and national government agencies and bodies to ensure unfettered market access for Canadian products and foster understanding of the importance of bilateral trade between Canada and Vietnam.



2022 industry mission to VietnamWood | Photos: FII



The FII team in Vietnam uses the Canadian Wood brand to create awareness and increase product recognition within the local market.



Hemlock furniture trials made for the “Try Canadian Wood” program | Photos: FII

PHASE 1: PROGRESS

Product trials

FII Vietnam has been supplying targeted local manufacturers with small volumes of B.C. wood products, allowing them to become familiar with B.C. species by producing samples and prototypes. The technical team in Vietnam provides assistance to the manufacturers to help them understand the properties of B.C. species and advise them throughout the trial process.

Since 2019, FII Vietnam has undertaken product trials with 112 Vietnamese manufacturers. The trials have been showing positive signs that B.C.’s softwood species have the potential to capture good returns and replace traditionally used species from Europe and Asia.

B.C. species that have become popular as a result of the trials include western hemlock, Douglas-fir, spruce-pine-fir (S-P-F) and western red cedar. Due to its favourable finishing properties and ability to accept any paint, stain or clear finish, western hemlock has emerged as a preferred product for use in a wide variety of furniture applications such as dining tables and chairs, bunk beds, bedroom sets and living room furniture. Hemlock is also becoming increasingly accepted as a leading product for interior doors, thanks to its advantages over oak and tropical hardwoods in terms of its price and properties.

Initial trials are being featured in marketing materials, displayed at exhibitions and showcased in manufacturer/end-customer outreach with the goal of driving larger-scale future orders.

Trade shows: exhibiting the Canadian Wood brand

FII Vietnam regularly participates in trade exhibitions to help expand the Canadian Wood brand and identify leads. This includes two major international furniture exhibitions—the Ho Chi Minh Furniture Export Fair (HAWA EXPO) and Vietnam International Furniture and Home Accessories Fair (VIFA)—which attract a significant number of attendees, including manufacturers, wholesalers, designers, architects and buyers from major international furniture brands.

To showcase the beauty and versatility of B.C. wood species, FII Vietnam has created an innovative exhibition space featuring distinct furniture collections made of western hemlock as well as sample racks featuring various Canadian softwoods. Information is also provided on Canada's certified, sustainable forest management practices. With international buyers increasingly seeking furniture made from legal and sustainable wood sources, this offers a strategic opportunity for Canadian lumber suppliers.

To further boost engagement and provide real-time answers to furniture makers, the FII Vietnam team also hosts online and in-person seminars to educate target audiences on the benefits of using wood from British Columbia's certified, sustainable forests.

Through these events, the FII Vietnam team has seen a rising awareness of, and growing interest in, Canadian softwoods from producers focused both domestically and internationally in scope. Participation in these key events helps reinforce and further establish the Canadian Wood brand and its rich diversity of sustainably-harvested wood species.



Vietnam trade shows | Photos: FII

Growing opportunities through local partnerships

To ensure B.C. species are available in-market as demand builds, the FII Vietnam team has been building relationships with local wood wholesalers/dealers (referred to as stockists). By ensuring that B.C. and Canadian wood products are available as and when needed, stockists play a critical role in the development of the market for Canadian wood products.

FII Vietnam provides a range of support to local stockists including wood samples, technical assistance, marketing materials and staff training seminars. These efforts have resulted in the expansion of knowledge and acceptance of several B.C. softwood species, including S-P-F, western hemlock, Douglas-fir and western red cedar. Local stockists are now regularly ordering and carrying Canadian species and supplying them to their customer bases of factories.

Through a partnership with Binh Duong Furniture Association (BIFA), one of the major wood furniture associations in Southern Vietnam, FII Vietnam will establish more regular engagement with furniture manufacturers in the Binh Duong province through educational seminars, direct marketing, and social media. BIFA hosts a number of business development events that the team will be able to participate in and display B.C. species.



Western hemlock product trials | Photo: FII

KEY FUNDERS

In all its market development efforts, FII seeks to work in collaboration with government and industry partners to support long-term market diversification and growth. Additional resources are leveraged through the Canada Wood Group, and through the Government of Canada's Embassy and Consulate in Vietnam.

