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Opportunities in Vietnam

Trade report for the Ministry of Foreign Affairs of Republic of Estonia

13 January 2025

REPUBLIC OF ESTONIA
MINISTRY OF FOREIGN AFFAIRS

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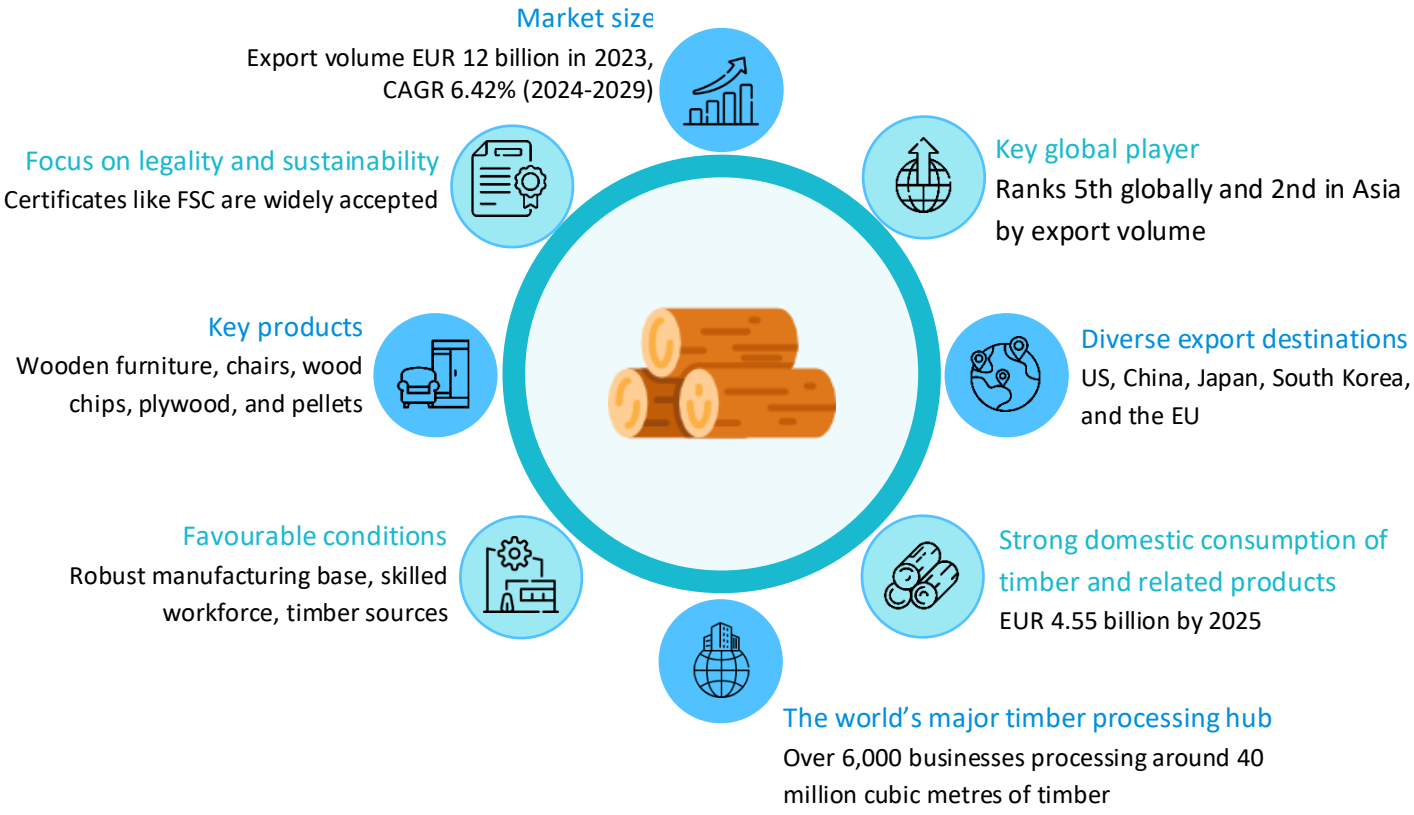
Exchange rates used in the report

USD 1 = EUR 0.97

Focus sector: Timber

1. Timber sector overview

Figure 1: Snapshot of the Timber sector



Vietnam is a key player in the global forestry industry, ranking fifth worldwide and second in Asia by export volume. In 2023, the country's wood and wood product exports totalled EUR 12 billion, with the top five categories – wooden furniture, chairs, wood chips, plywood, and pellets – accounting for 90.4% of the industry's total export value. Vietnam's wood and forestry exports are forecast to grow at a compound annual growth rate (CAGR) of 6.42% between 2024 and 2029.

According to the Vietnam Timber and Forest Product Association (VIFOREST), Vietnam's timber exports are primarily directed towards the United States, which remains the largest importer with a value of EUR 6.47 billion in 2023. Other major markets include China (EUR 1.57 billion), Japan (EUR 1.5 billion), South Korea (EUR 724 million), and the European Union (EUR 414.5 million).

An interviewee from the Handicraft and Wood Industry Association of Ho Chi Minh City (HAWA) highlighted Vietnam's robust manufacturing base, which benefits from a skilled workforce in timber processing and furniture production. The country also exhibits strong domestic consumption of wood products, with the market value projected to reach EUR 4.55 billion by 2025 and EUR 5.46 billion by 2030.

Vietnam is also a major global timber processing hub, with its capacity and technology continually advancing. In 2024, approximately 6,000 businesses in the country were engaged in the production and processing of wood and forest products, handling around 40 million cubic metres of timber in roundwood equivalent (RWE) volume. However, the interviewee noted that Vietnam remains heavily reliant on raw material imports from the United States, the European Union, and South America for high-end furniture production. Additionally, the country's capacity in the mid- to high-end timber segments is constrained by limited design capabilities, as most producers rely on customer-provided designs.

Market trends at a glance

Sustainable and Legal Timber Practices

Decarbonisation in the Wood Processing Industry

Rising Timber Demand in Construction

The interview with VIFOREST highlighted that sustainability and legality have become critical factors in the global timber trade, and Vietnam's industry is adapting rapidly to meet these demands. International buyers, particularly from the EU and US, are prioritising sustainably sourced timber, driving Vietnamese producers to enhance timber legality practices and secure certifications such as the Forest Stewardship Council (FSC). Many companies are now collaborating with or investing in certified forests to strengthen their supply chains and ensure responsible sourcing. For example, Hoa Phat, one of Vietnam's leading furniture companies, is investing significantly in FSC-certified wood material zones by partnering with forest-growing households to produce 15,000 tonnes of certified wood annually. Similarly, Tekcom Corporation requires 18,000 square metres (sqm) of FSC-certified timber each month to produce plywood boards for export to the US and European markets, underscoring the growing demand for sustainable and legal timber.

Decarbonisation is also gaining momentum in Vietnam's wood processing industry, with companies striving to align with global environmental standards. Many are focusing on reducing their carbon footprint by investing in energy-efficient technologies and optimising production processes. According to the International Labour Organization (ILO), as of 2022, no domestic wood processing firms in Vietnam had conducted comprehensive Greenhouse Gas (GHG) inventories or set clear GHG reduction targets. However, by early 2024, the green transition became a priority for four key wood processing associations – BIFA, HAWA, DOWA, and FPA. Three of these associations signed agreements with the ILO Productivity Project to receive training, consultancy, and best practices for GHG reduction.

Alongside domestic efforts, international companies are playing a significant role in advancing decarbonisation in Vietnam's timber sector. Notably, since 2020, IKEA has invested EUR 100 million in carbon removal strategies, including reforestation and forest restoration projects in Vietnam and other countries. Through collaboration with local forestry cooperatives, IKEA supports smallholders and communities in Vietnam – one of its key timber

suppliers – in restoring native forests, enhancing carbon removal, and increasing carbon storage through acacia plantations.

Timber use in construction is gaining popularity in Vietnam, driven by urbanisation, real estate development, and the adoption of eco-friendly building practices. Timber is increasingly incorporated into commercial projects such as office spaces, cafés, and hospitality buildings for its aesthetic appeal. There is a growing local demand for high-value timber products, such as luxury furniture and engineered wood, which were previously destined solely for export. Several domestic firms, traditionally focused on processing raw timber for export, are now beginning to tap into these higher-value segments. For example, TDH Green Building Solutions provides prefabricated wooden houses for luxury resorts and villas, along with laminated timber structures, reflecting the growing interest from local clients.

Likewise, the demand for wood and laminate flooring in construction projects has increased alongside the growing preference for high-value products. Historically, most wood flooring was processed for export; however, rising domestic demand has prompted many companies to refocus on serving the local market. In 2024, the American company CFL Flooring began constructing a new manufacturing facility in northern Vietnam to meet the growing demand for innovative flooring products, including waterproof laminate, eco-composite flooring, and wood polymer composite materials.

2. National strategies and policies

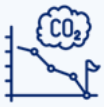
Strategies and policies at a glance

National Forestry Development Plan 2021-2030

Environmental and socio-economic Objectives

Technology application and transfer

Net-Zero 2050



GHG Inventory

Vietnam Timber Legality Assurance System

2.1. Sector strategies and policies

In 2024, Vietnam introduced Decision 895/QD-TTg, approving the National Forestry Development Plan for 2021–2030 with a vision extending to 2050. This plan aims to promote sustainability in the forestry sector by improving forest quality and ensuring the sustainable management of the nation's forest resources. Additionally, Vietnam seeks to increase the value of its wood and wood product exports to EUR 18.2 billion by 2025 and EUR 22.75 billion by 2030. These objectives underscore Vietnam's commitment to developing its forestry economy while prioritising ecological preservation and supporting broader environmental and socio-economic goals.

Decision 895 also highlights the need to strengthen R&D and technology transfer in areas such as forest management, protection, conservation, biodiversity preservation, afforestation, and forest product trade. To achieve these goals, it identifies key areas for state-supported investment, including, but not limited to:

- Transfering of high-tech, advanced, and innovative technologies in forestry production.
- Developing sustainable forest management plans and issuing certifications for production forests.
- Producing high-quality forest plant seedlings.
- Establishing infrastructure systems for production forest plantations.

In recent years, the Vietnamese government has implemented policies and initiatives to revitalise and expand the forest sector. These efforts aim not only to improve the sector's economic performance but also to align it with the country's ambitious Net-Zero 2050 target. Specifically, the government has focused on reducing carbon emissions by strengthening regulations on timber production and expanding carbon credit initiatives. Furthermore, steps have been taken to enhance the competitiveness of the timber industry by promoting responsible sourcing, increasing export value, and investing in infrastructure for wood processing.

Notably, in August 2024, Vietnam issued Decision 13/2024/QD-TTg, which specifies the sectors and facilities emitting greenhouse gases that are required to conduct greenhouse gas inventories. Forestry is one of six key sectors mandated to conduct these inventories and submit reports to relevant ministries, such as the Ministry of Natural Resources and Environment (MONRE). This decision supports Vietnam's Net-Zero 2050 commitment and drives the demand for GHG accounting and green transformation within forestry facilities. In 2024, the list included 2,166 facilities, with updates planned every two years.

2.2. Regulatory environment

Vietnam employs a centralised system for managing its forested areas, with the government and National Assembly overseeing all legislation related to the sector. The Law on Forestry 2017 (LOF 2017) and the Law on Environmental Protection 2020 (LOEP 2020) form the core regulatory framework governing Vietnam's timber sector.

LOF 2017 establishes comprehensive guidelines for sustainable forest management, protection, and development, which directly impact the timber sector by promoting legal and responsible sourcing of timber. It also strengthens regulations on forest land use and timber harvesting, ensuring alignment with environmental protection goals and international trade standards. Meanwhile, LOEP 2020 plays a crucial role in regulating the timber sector by enforcing environmental standards for forestry activities, including sustainable timber harvesting and waste

management. It also requires timber producers to comply with environmental impact assessments, ensuring that the sector contributes to Vietnam's broader goals of sustainability and climate protection.

Estonian companies should be aware of Decree No. 31/2021/ND-CP, which provides detailed guidelines for implementing the Law on Investment in Vietnam. This decree specifies industries and sectors where foreign investors are either prohibited or subject to specific conditions. For example, foreign investors are prohibited from investigating, assessing, and harvesting natural forests. However, they are conditionally permitted to participate in sectors such as general forestry, paper production, and forestry-related services, subject to requirements like foreign ownership limits, minimum capital investment, or other stipulations outlined in relevant legal documents.

In 2024, the Vietnamese government issued Decree No. 120/2024/ND-CP, which regulates the Vietnam Timber Legality Assurance System (VNTLAS). This Decree defines legal timber and outlines risk management measures to prevent, detect, and promptly address violations, ensuring that timber is imported legally while promoting compliance with the law among organisations and individuals. Decree 120 also mentions the list of countries and territories classified as being in the "positive geographic region." Notably, Estonia is included, meaning that timber and wood products imported from Estonia are recognised as complying with Vietnam's legal and regulatory standards for legality and sustainability. The list is updated annually.

To import timber and wood products into Vietnam, strict requirements must be met to ensure legality and compliance with phytosanitary standards. Imported timber must have documentation proving its legal origin, as defined under Decree 120/2024. Additionally, wood products must adhere to phytosanitary regulations to prevent the spread of pests and diseases. Importers are required to present a phytosanitary certificate issued by authorised agencies in the exporting country, and shipments are subject to inspection upon arrival in Vietnam.

2.3. Incentives and R&D funding

Vietnam has implemented a range of incentives to foster the sustainable development of its timber industry. These measures include tax reductions and exemptions for foreign enterprises involved in certain activities. The government also offers low-interest loans and financial assistance to support technological innovation, enabling companies to adopt modern and sustainable practices in timber harvesting and processing. Enterprises engaged in eco-friendly production, especially those holding international certifications such as FSC, are prioritised for additional support.

Decree No. 31/2021/ND-CP outlines several forestry-related sectors qualified for investment incentives, including:

- Planting, nurturing, conserving, protecting, and developing forests.
- Cultivating, processing, and preserving forestry products.
- Manufacturing wooden products and artificial boards, such as plywood, laminated wood, and MDF boards.
- Cultivating and processing forest products under a value-chain linkage model.

The investment incentives may vary, but typically include tax exemptions, preferential tax rates, customs incentives, land rental reductions, and other similar benefits.

In Vietnam, there is no dedicated R&D funding programme specifically for the timber industry. Instead, support for the sector is typically integrated into broader national development plans and provided on a project-by-project

basis. Funding is allocated through government initiatives that promote sustainable development, technological innovation, and environmental protection, with the timber industry eligible to apply for financial assistance under these general schemes.

Decision 895 outlines the funding sources required to achieve the objectives of the National Forestry Development Plan for 2021–2030. The total funding is estimated at approximately EUR 8.1 billion, with 26% contributed by the state budget and the remainder sourced from other channels. The detailed allocation of this funding will be updated on a project-by-project basis or through forthcoming legal documents.

3. The Timber ecosystem

Vietnam's ecosystem is dynamic and relatively well-developed, with businesses operating at nearly every stage of the timber production process. Among the 6,000 firms involved in the production and processing of wood and forest products in Vietnam, over 5,000 are privately owned, 250 are state-owned enterprises, and more than 660 are foreign-invested (FDI) companies. Vietnam is also home to over 340 woodworking villages spread across the country, each consisting of around 2,000 households engaged in wood processing and production. Key players in the ecosystem include several proactive associations, such as the Binh Duong Furniture Association (BIFA) and the Handicraft and Wood Industry Association of Ho Chi Minh City (HAWA).

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3.1. Private sector Timber stakeholders

Table 1: Key private sector Timber stakeholders

Organisation name	Type	Profile
Timber House	Manufacturer	○ Timber House specialises in the design and production of prefabricated wooden houses and small modular wooden structures, catering to both residential and commercial needs. The company is recognised for its commitment to environmentally responsible practices, using sustainably sourced materials and quality craftsmanship to create versatile and durable wooden solutions. ○ https://timberhouse.vn/
An Cuong Wood Working Materials	Furniture and construction material supplier	○ An Cuong is a leading supplier of industrial wood products and decorative materials, specialising in interior design and construction solutions. The company offers products such as cross-laminated timber (CLT) and engineered wood panels to meet the demands of modern construction. ○ https://ancuong.com/

Organisation name	Type	Profile
BKG Vietnam	Wood processing and furniture company	○ BKG Vietnam specialises in the production and supply of high-quality wood products, with a focus on engineered wood solutions and modular construction materials. The company serves diverse markets with products such as cross-laminated timber (CLT) and prefabricated wooden modules for residential, commercial, and industrial applications. ○ https://bkgvietnam.com/
Long Viet Veneer Technology JSC	Furniture manufacturer	○ Long Viet specialises in the manufacturing and export of high-quality wooden products, focusing on handcrafted items and modular wooden structures. The company combines traditional craftsmanship with modern production techniques to provide solutions for residential and commercial spaces. Long Viet is particularly renowned for its expertise in small wooden modules and garden houses. ○ https://longvietwooden.com/
SAVIMEX Corporation	Wood processing and furniture company	○ Savimex Corporation is a big player in Vietnam's wood processing and furniture manufacturing industry, with a diverse portfolio that includes prefabricated wooden components and interior furnishings. Savimex prioritises environmentally responsible sourcing and production practices, catering to both domestic and international markets. ○ https://savimex.com.vn/
Phu Cau Investment and Development JSC	Distributor	○ Phu Cau specialises in producing high-quality wooden products, with a focus on wooden construction materials and modular systems for residential and commercial applications. The company utilises advanced manufacturing processes to create durable and versatile solutions such as cross-laminated timber (CLT) and prefabricated wooden modules. ○ https://phucau.vn/
Nha Go Viet	Distributor	○ Nha Go Viet focuses on the design and construction of high-quality wooden houses, emphasising traditional craftsmanship combined with modern techniques. The company is well-regarded for its handcrafted log houses and modular garden structures. ○ https://nhagoviet.vn/
Anax Green	Manufacturer	○ Anax Green specialises in the production of laminated veneer lumber (LVL), a widely used engineered wood product for construction applications. Their products are valued for their strength, making them suitable for both packing and furniture applications. ○ https://anax-green.com/
Vina Wood Ltd	Manufacturer	○ Vinawood is a leading name in the plywood industry, offering an extensive range of products, including Film Faced, MDO, HDO, MPP, Phenolic, and PP Plywood. These products are tailored to meet the diverse requirements of the construction and woodworking industries. Designed for durability and longevity, Vinawood's plywood reduces the need for frequent replacements, helping to conserve natural resources. ○ https://vinawoodltd.com/
LAMI Timber	Manufacturer and distributor	○ Lami Timber supplies imported hardwood and softwood products from the US and Europe, which are certified by FSC® and PEFC for sustainable forest

Organisation name	Type	Profile
		management. Lami Timber offers a full range of products, including lumber, logs, and veneer, with various specifications. ○ https://www.lamitimber.com/
Vietnam Wooden House	Manufacturer	○ Vietnam Wooden House specializes in crafting wooden houses and modular structures, emphasizing sustainable materials and traditional construction techniques. The company offers solutions for residential and outdoor applications, including garden houses and small wooden modules, designed to align with both functional and environmental considerations. ○ https://nhagoxanh.com/

3.2. Public sector Timber stakeholders

Table 2: Key public sector Timber stakeholders

Organisation name	Type	About
Ministry of Natural Resources and Environment	Government agency	○ The Ministry of Natural Resources and Environment is responsible for overseeing policies related to the sustainable use of natural resources, including forests. It also regulates environmental impact assessments for timber harvesting and wood processing projects. ○ https://www.monre.gov.vn/
Ministry of Industry and Trade (MOIT)	Government agency	○ MOIT oversees trade policies, import-export activities, and the promotion of industrial development, including the timber trade. ○ https://moit.gov.vn/en ○
Vietnam Administration of Forestry	Government agency	○ The Vietnam Administration of Forestry is a specialised agency under MARD, responsible for the management and sustainable development of forestry resources. ○ https://mard.gov.vn
Vietnam Environment Administration	Government agency	○ The Vietnam Environment Administration oversees environmental protection policies, including those related to sustainable timber harvesting and production. ○ https://www.monre.gov.vn/
The Forest Carbon Partnership Facility (FCPF)	Funding agency	○ FCPF is an international collaboration involving governments, businesses, civil society, and indigenous organisations, aimed at reducing emissions from deforestation and forest degradation. It also supports the conservation of forest carbon stocks, sustainable forest management, and the enhancement of forest carbon levels in 47 developing countries worldwide. ○ https://www.forestcarbonpartnership.org/
Vietnam Trade Promotion Agency (VIETRADE)	Trade promotion agency	○ VIETRADE provides support for foreign companies wishing to enter the Vietnamese market, including matchmaking services, business support, and market insights. ○ https://vietrade.gov.vn/

Organisation name	Type	About
Vietnam Timber and Forest Product Association (VIFOREST)	Industry association	○ VIFOREST represents businesses in the forestry and wood processing industries, promoting trade and sustainable practices. ○ https://vietfores.org/
Handicraft and Wood Industry Association of Ho Chi Minh City (HAWA)	Industry association	○ HAWA supports the development of the wood and furniture industries, organising trade fairs and industry events. ○ https://hawa.vn/
Binh Duong Furniture Association (BIFA)	Industry association	○ Established in 2009, BIFA is a non-governmental organisation representing the wood processing industry in Binh Duong province. BIFA supports its members through trade promotion, market access, policy advocacy, and updates on legal regulations. ○ https://www.bifa.vn/

3.3. Recent Timber tenders

Below are examples of government agencies that have recently issued timber-related tenders. Public departments across Vietnam frequently release tenders seeking suppliers of wooden furniture and timber for construction projects. These procurement opportunities are vital for addressing the growing demand for high-quality wood products in public infrastructure and facilities. Local companies often secure these tenders, reflecting the government's preference for supporting domestic businesses.

Table 3: Recent Timber tenders

Organisation name	About	Contact Info
Lao Cai General Hospital	○ This tender seeks a wooden furniture supplier for a 9-storey building.	○ bvdktinh-syt@laocai.gov.vn
103 Military Hospital	○ This tender seeks a wooden furniture supplier for the On-demand Department.	○ hospital103@benhvien103.vn
Department of Armaments, Vietnam People's Army	○ This tender seeks a wood supplier for the K680 Storage facility.	○ muasamcong@mpi.gov.vn

4. Competitive landscape

4.1. Porter's five forces analysis of the Timber sector

Competition in sector: MEDIUM

- The Vietnamese timber industry is fragmented, with thousands of SMEs competing for market share alongside large foreign-invested firms.
- Certain high-value segments, such as luxury furniture, modular wooden homes, and timber structure design, offer opportunities for players with specialised expertise.

Potential of new entrants: MEDIUM

- The timber industry is open to new businesses but faces regulatory barriers, including capital investment requirements for timber processing facilities, technical expertise, and compliance with legal standards.
- As a global hub for wood processing and export, Vietnam attracts large companies with established networks and resources, creating a competitive environment for new entrants.

Power of suppliers: HIGH

- Vietnam strictly regulates timber extraction and places a strong emphasis on timber legality, which increases the bargaining power of raw material suppliers.
- For certain timber species, reliance on imports heightens suppliers' bargaining power, particularly during periods of global price fluctuations or supply chain disruptions.

Power of customers: MEDIUM

- Stringent requirements from major export markets for legally sourced timber limit buyers to certified suppliers, reducing their options.
- However, the growing presence of foreign buyers and heightened competition in the domestic market can exert downward pressure on prices, increasing buyers' negotiating power.

Threat of substitute products: HIGH

- Materials such as metal, concrete, and plastics can substitute timber in construction, furniture production, and other industries in Vietnam.
- Advances in engineered wood products, such as cross-laminated timber (CLT) and MDF, may reduce reliance on traditional timber in certain applications, posing a significant threat to the industry.

4.2. Competitor analysis

Vietnam's timber industry is characterised by strong competition, with domestic players dominating various stages of the supply chain. Key competitors are concentrated in wood processing, furniture manufacturing, and timber exports, with many companies focusing on meeting international sustainability standards to remain competitive in

both local and global markets. This competitive landscape is further driven by the industry's emphasis on innovation, quality improvement, and compliance with legal and environmental regulations.

Large domestic timber companies, such as Duc Thanh Wood JSC and Truong Thanh Furniture Corporation, possess the capacity to operate across the entire supply chain, including wood processing, production, and the export of timber and wood furniture products. Additionally, domestic companies have taken proactive steps to identify and negotiate with major timber suppliers both within Vietnam and internationally. This strategy enables them to secure a steady and reliable supply of raw materials, ensuring greater control over their production processes and minimising risks associated with fluctuating wood prices and supply disruptions.

Foreign companies frequently invest in large-scale projects and manufacturing hubs in Vietnam to capitalise on favourable conditions, including abundant local timber resources and the benefits offered by Free Trade Agreements (FTAs) with key export markets such as the EU, Japan, and South Korea. Companies such as Rochdale Spears and Nitori have already established manufacturing facilities in Vietnam. Meanwhile, major players, including IKEA, Nitori, and Ashley Furniture, have either opened furniture retail stores or plan to launch showrooms in the country. These developments underscore Vietnam's growing importance as a key hub for both production and retail within the regional and global furniture markets.

The table below illustrates examples of companies within the timber sector that could potentially compete with Estonian companies. It is important to note that this is not an exhaustive list but rather a strategic starting point for understanding the competitive landscape.

Table 4: Competitor map of the Timber sector

Prefabricated Wooden Houses	Small Wooden Modules	High-valued added solutions	Wooden Construction Materials
Nhà Gỗ Việt CEN	LONG DAT CORPORATION	Garden house TDH GREEN BUILDING SOLUTIONS AN CƯỜNG Wood - Working Materials	SAVIMEX GOVIET Vietnam wood international ltd.,co

Prefabricated Wooden Houses	Small Wooden Modules	High-valued added solutions	Wooden Construction Materials
BKG Home AN CƯỜNG Wood - Working Materials TDH GREEN BUILDING SOLUTIONS	BKG Furniture PHUCAU	GHG inventory VNEEC Vinacontrol CE	LAMI TIMBER

5. Export opportunities

Vietnam is a key timber processing hub in Asia, presenting significant opportunities for Estonian providers of advanced technologies and sustainable solutions. The sector's growth is fueled by increasing demand in key areas such as sustainable timber production, innovative wood-processing equipment, and rising export requirements to meet global market needs.

Case study

Rochdale Spears is a New York-based furniture manufacturer specialising in high-end, handcrafted furniture for export markets. The company focuses on producing custom-made pieces tailored to the specific needs of the hotel and hospitality sectors. In addition to serving global markets, Rochdale Spears also caters to domestic clients seeking bespoke furniture solutions.

The company's success in Vietnam can be attributed to its strategic decision to establish a manufacturing base in the country. In 2017, Rochdale Spears opened one of Vietnam's largest purpose-built furniture manufacturing facilities, spanning 800,000 square feet (over 74,000 sqm). This facility was designed to capitalise on Vietnam's strengths in the timber industry, such as an abundant supply of timber, a skilled workforce, and favourable export conditions. To enhance production quality and efficiency, the company introduced advanced technologies, including state-of-the-art CNC machinery, humidity control systems, and advanced spray technology. These features enable precise craftsmanship and consistent product quality.

In 2021, the company expanded its operations with the completion of a 220,000-square-foot upholstery facility. This new facility significantly increased Rochdale Spears' production capacity and enabled the integration of upholstery into its manufacturing process. The company utilises a diverse range of materials in its production,

including plantation-grown wood, veneer, and faux shagreen. This approach has strengthened its value chain, allowing Rochdale Spears to offer a broader range of products to its clients.

Rochdale Spears has also partnered with Thanh Phuoc Port Joint-Stock Company to develop a build-to-lease facility. This collaboration leverages local expertise in construction, port management, and logistics services, enhancing the company's export capacity and streamlining its supply chain. By tapping into these resources, Rochdale Spears has improved the efficiency of its distribution processes and strengthened its position in the Vietnamese market. The partnership facilitates smoother operations and better access to key export routes, reinforcing the company's competitive edge.

In addition to its operational strategies, Rochdale Spears has collaborated with local universities, such as HUTECH University of Technology, to support workforce development. These collaborations include employee training programmes and information sessions for students, aimed at enhancing local skills and employability. By investing in these initiatives, the company secures a pool of skilled labour, which is critical for its long-term growth and success.

Figure 2: Students from HUTECH University visited the Rochdale Spears facility in 2022

Source: HUTECH

5.1. Key opportunities and gap analysis

The following opportunities stand out when considering Estonia's strengths, Vietnam's goals, unmet demands, and emerging trends in the market:

- **Seize opportunities in Vietnam's prefabricated wooden house market**. Estonian companies have a significant opportunity to address the growing demand for prefabricated wooden houses in Vietnam's timber sector, which currently faces a gap due to limited local capacity. Only a handful of domestic firms can offer such

solutions, primarily due to constraints in design capabilities and the technical expertise required. In Vietnam, clients place a strong emphasis on the aesthetic appeal of homes, often prioritising unique and stylish designs. This presents an opportunity for Estonian companies, renowned for their expertise in timber engineering and innovative Nordic-style designs, to introduce prefabricated wooden house solutions that combine high-quality craftsmanship with visually appealing and sustainable designs. By offering tailored prefabricated options, Estonian firms can cater to the rising demand for modern, eco-friendly housing while meeting the local market's design-focused preferences. Additionally, with Estonia's advanced technological capabilities in timber construction, Estonian companies can provide cost-effective, energy-efficient, and fast-to-build solutions that align with Vietnam's growing interest in sustainable and innovative housing.

- **Offer higher value-added timber products and solutions**. Vietnam's timber industry has traditionally concentrated on exporting raw materials and semi-finished goods, such as sawn wood, plywood, and veneers, which generate lower profit margins. This reliance on upstream production creates a significant market gap for high-value finished timber products, including premium furniture, interior decor, and modular building components, which are increasingly in demand domestically. Estonian companies, known for their craftsmanship and Nordic-inspired design expertise, are well-positioned to fill this gap. By focusing on the production of modern, eco-friendly furniture, custom-designed interiors for residential and commercial spaces, and modular timber components for construction, Estonian firms can align with global trends favouring sustainability and aesthetic design while tapping into Vietnam's growing appetite for high-value timber solutions.

- **Supply premium Nordic pine wood to Vietnam**. Nordic pine wood, sourced from cold-climate countries such as Estonia, Denmark and Finland, is highly valued in Vietnam for its exceptional quality and aesthetic appeal. The unique conditions of these regions produce slow-growing trees with dense, durable wood featuring distinctive grains and grooves, making it a preferred choice for high-end furniture and interior décor applications. With rising demand for premium materials in Vietnam's timber and construction sectors, Nordic pine has earned a strong reputation among manufacturers and designers. Companies like My Duc Wood are already importing Danish beech, underscoring a domestic appetite for Nordic wood. Estonian companies can capitalise on this demand by supplying Nordic pine, offering a sought-after material that aligns with the priorities of Vietnamese manufacturers and designers who emphasise quality and visual excellence.

- **Suppy timber for construction projects with a strategic pricing approach**. The rising demand for wooden buildings and commercial construction projects in Vietnam presents a valuable opportunity for Estonian companies to supply high-quality timber. Additionally, the growing urbanisation in major cities like Hanoi and Ho Chi Minh City has increased the demand for premium housing, including durable and aesthetically pleasing wooden flooring. Developers in these urban centres are seeking sustainable, stylish flooring materials, creating an opening for Estonian firms to leverage their expertise in producing high-quality wooden flooring solutions. By adopting a strategic pricing approach, Estonian companies can effectively tap into these markets, catering to the needs of both construction projects and high-end apartment developments.

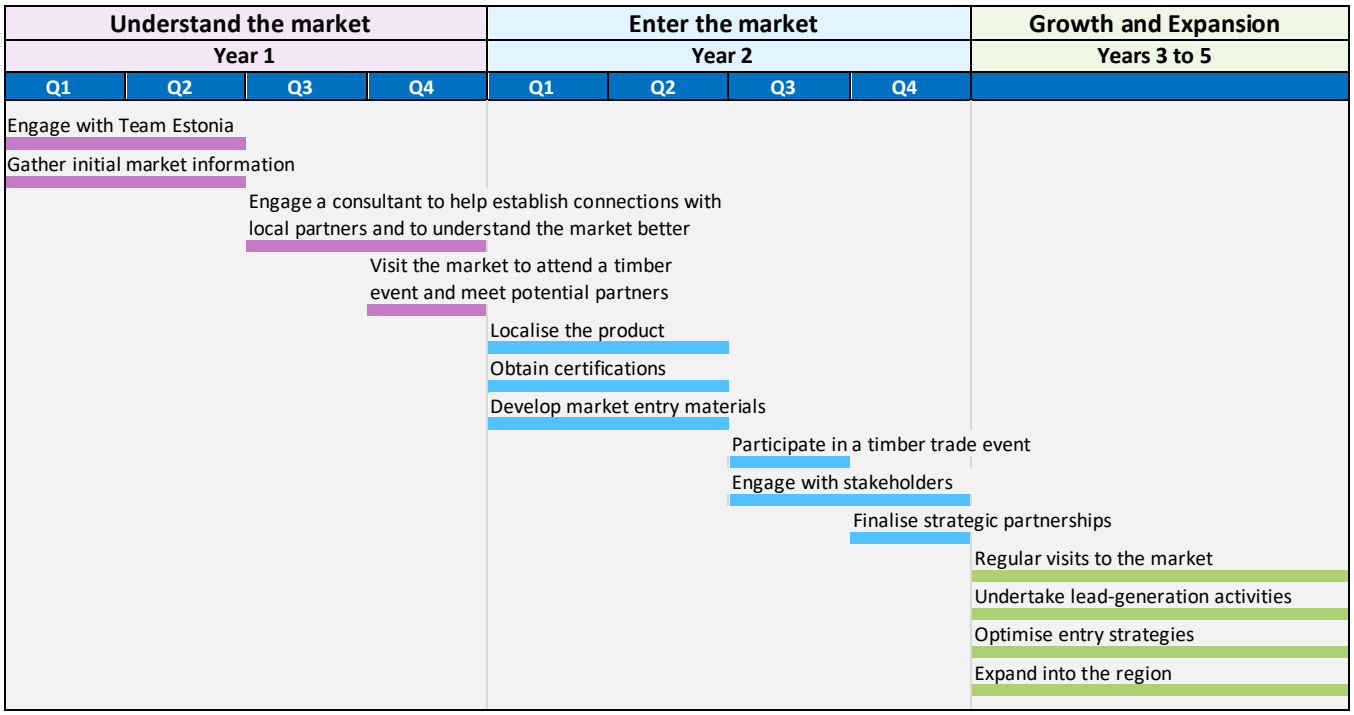
- **Address the gap in GHG calculation services in the timber sector.** As highlighted in the policy section, Vietnam requires many manufacturing and business facilities, including those in the forestry sector, to conduct annual GHG inventories in alignment with the country's net-zero target for 2050. However, there is currently a shortage of providers offering specialised GHG calculation services. This gap presents a significant opportunity for

Estonian companies to offer their expertise in GHG measurement and reporting. By providing advanced solutions for calculating the carbon footprint of wood production and related construction activities, Estonian firms can address the growing demand for compliance with environmental regulations.

5.2. Five-year roadmap

A 5-year plan will enable Estonian companies to build and maintain a robust presence in Vietnam's timber sector.

Table 5: A 5-year roadmap for Estonian companies for the Timber sector



Year 1: Understand the market

- **Engage with Team Estonia**: Consider contacting the Ministry of Foreign Affairs, the Ministry of Economic Affairs and Communications, Enterprise Estonia, and the Embassy in the region to obtain recommendations on strategic targets and assistance in facilitating introductions and exploring potential collaborations to extend your market reach.

- **Initial engagement to gather market information**: Engage with these entities, as well as others identified in Section 3 of this report, to gather initial feedback on your offerings. By getting in touch with these organisations, Estonian firms can validate their route to market and understand customer expectations within Vietnam's timber sector.

- **Engage a consultant**: Timber companies should seek guidance from local consultants who can assist with business matching services by identifying relevant local partners, distributors, and key stakeholders in the sector. Apart from Orissa International, market-entry consultants with offices in Vietnam and neighbouring counties include Dezan Shira & Associates and Asian Insiders. Consultants can facilitate introductions to potential collaborators, including government agencies, associations, and local manufacturers. Likewise,

consultants can offer insights into regulatory compliance and advise on obtaining necessary certificates like FSC.

- **Attend/participate in a forestry event in Vietnam**: Timber companies can work with consultants to arrange meetings with potential partners at key industry events. Participating in events like the Vietnam Wood 2025 and HAWA Expo 2025 offers a prime opportunity to gain visibility, establish valuable connections, and gather real-time insights into the local market. Consultants can facilitate introductions to relevant stakeholders, helping companies maximise networking opportunities with industry specialists.

Table 6: Key Timber trade events

Event name	Date	About
HAWA Expo	5-7 March 2025	○ HAWA Expo is a key trade fair for Vietnam's woodworking and furniture industries, organised by the Handicraft and Wood Industry Association of Ho Chi Minh City (HAWA). The event features a comprehensive range of products, including furniture, wooden home accessories, and interior decor items, showcasing Vietnam's craftsmanship and manufacturing capabilities. ○ Expected to have more than 600 booths and over 15,000 visitors ○ https://vietnamwood.com.vn/
VIFA Expo	5-8 March 2025	○ VIFA Expo is Vietnam’s premier international furniture and home accessories trade fair, showcasing a diverse range of high-quality products, including furniture, home decor, outdoor items, and wooden crafts. The event serves as a platform for connecting international buyers with Vietnamese manufacturers, fostering export opportunities and global partnerships. ○ 13,149 visitors, 603 exhibitors from more than 17 countries (2024) ○ https://vifafair.com/home/
Hanoi Wood Expo	May 2025	○ Hanoi Wood Expo is a premier international exhibition dedicated to the woodworking and timber industry in Vietnam. The event showcases a wide range of products and solutions, including timber, woodworking machinery, furniture manufacturing technologies, and sustainable construction materials. It serves as a platform for connecting international buyers with Vietnamese producers, fostering opportunities for trade, collaboration, and technological advancements. ○ Expected to have participation more than 250 booths from 150 companies and 8,000 visitors ○ https://hanoiwoodexpo.com/
Vietnam Wood	19-22 November 2025	○ VietnamWood is an influential trade fairs for the woodworking and timber processing industries in Vietnam. The event brings together leading global manufacturers, suppliers, and industry professionals to showcase cutting-edge machinery, innovative technologies, and sustainable solutions for furniture production and wood processing. ○ Expected to have more than 300 exhibitors and over 12,000 visitors ○ https://vietnamwood.com.vn/

Year 2: Enter the market

- **Localise products**: Continue collaborating with local experts and clients to tailor your products (timber, wooden furniture) to the specific design needs and preferences of the Vietnamese market. Ensure your products fully comply with local standards and regulations, with a particular focus on legality, sustainability, and preferred design styles.
- **Obtain certifications**: Actively pursue the necessary regulatory approvals and certifications and licenses for imported timber and forestry products. Stay updated on regulatory changes to maintain compliance and accelerate market entry.
- **Develop market entry materials**: Create compelling marketing materials and set competitive pricing strategies. Define your value proposition to effectively showcase the benefits of your products to potential partners and customers.
- **Engage with stakeholders:** Undertake face-to-face meetings and product demonstrations in Vietnam to connect with influential players in the wood sector. Participate in sector-specific events and network with key industry associations to explore collaboration opportunities. Tailor product demonstrations to address Vietnam's unique market preferences in the timber sector, such as the demand for sustainable practices and locally adapted designs. Highlight how your solutions integrate seamlessly with existing supply chains and align with national sustainability goals and industry regulations. Optimise these engagements by gathering feedback, enhancing product relevance, and building credibility while fostering valuable partnerships.
- **Finalise strategic partnerships**: Establish partnerships in Vietnam, ensuring that the partner can also offer customer support to address local needs and resolve technical issues.

Year 3 and beyond: Growth and expansion of the business

- **Undertake ongoing promotion for lead generation**: Continuously promote your timber products and solutions through targeted digital marketing campaigns and industry-specific events such as conferences, trade shows, and forums. Leverage online platforms like LinkedIn, industry-specific portals, and timber-focused networks to reach relevant professionals and stakeholders. Develop case studies, share innovation updates, and offer webinars or online demonstrations showcasing the value of your timber and wood products. These efforts will help generate qualified leads, gauge market trends, and maintain a strong presence within the sector.
- **In-market visits**: Estonian companies must commit to regular visits to Vietnam, allowing companies to engage in face-to-face meetings, participate in key industry events, and stay updated on market trends. This continuous presence is crucial for nurturing partnerships, maintaining momentum, and demonstrating long-term commitment to the Vietnamese market; these traits are essential tools for gaining trust and securing successful collaborations in the competitive timber sector.
- **Optimise market entry strategies**: Refine market entry strategies by regularly reviewing feedback from Vietnamese customers and analysing performance metrics within the timber sector. Focus on enhancing product features that address evolving industry needs, such as sustainable sourcing, customisation options, and eco-friendly innovations. Adjust your pricing models to reflect the sector's competitive landscape and consider

expanding your customer support to include specialised services like technical onboarding, product implementation assistance, and after-sales support to better meet your clients' demands.

- **Expand into the region**: Leverage the insights and networks established in Vietnam to explore expansion opportunities in neighbouring countries within the region. Develop regional partnerships and tailor your offerings to meet the specific sustainability goals and regulatory requirements of each market.

5.3. Final recommendations

Establishing strong local partnerships is crucial for Estonian companies entering the Vietnamese timber market, as emphasised by the interview with VIFOREST. Relationships and trust are central to business success in Vietnam, particularly in the timber sector. To build this trust, it is essential to conduct regular site visits, engage directly with local stakeholders, and understand the cultural and operational nuances of the market. These efforts will help foster long-term collaboration and ensure that products meet local preferences and regulatory standards.

It is highly recommended that Estonian timber companies establish direct contact with key industry associations in Vietnam (identified in Section 3), particularly in the southern region, where the timber industry is dynamic and robust. These associations are highly active in facilitating networking opportunities, sharing industry insights, and providing access to a network of potential partners, suppliers, and clients. By collaborating with such associations, Estonian companies can tap into established networks, which will save considerable time and effort in identifying relevant stakeholders.

The industry expert also emphasised that, despite its high quality, Nordic wood is often perceived as expensive, with Vietnamese businesses prioritising cost-effective suppliers. Given the market's price sensitivity, Estonian companies must adopt flexible pricing strategies that remain competitive while maintaining a focus on quality. To address this, Estonian companies could offer tailored solutions, such as smaller, more affordable product lines or bulk purchasing options, to cater to different market segments. Additionally, emphasising the long-term cost-efficiency, durability, and low maintenance requirements of Nordic wood can help justify its higher price, positioning it as a superior investment in the long run.

Estonian companies selling high-quality Nordic timber, including modular houses and timber for construction and decoration, should target B2B clients in the hospitality sector, luxury resorts, commercial buildings, and high-end residential projects. These clients prioritise aesthetics and quality over price, making them ideal candidates for premium timber products. By emphasising the unique design, sustainability, and durability of Nordic timber, Estonian companies can position their offerings as a premium choice that enhances the aesthetic appeal and long-term value of hospitality and commercial spaces.