
Vietnam: good old incentives for plantations

It seems amazing that tree plantations can be promoted all over the world as a profitable activity, while at the same time they need to receive a number of incentives to make it really profitable.

Recent reports from Vietnam shows that this country is following the lead from what other countries have either done in the past (e.g. Brazil) or are doing at present (e.g. Chile, Mexico, Uruguay): to promote via subsidies an activity which in this way will indeed become very profitable ... for the powerful pulp and paper industry and other connected and equally powerful corporations. The subsidies will be paid by the people and so will the impacts of the plantations and the attached future pulp mills.

As usual in these cases, the Food and Agriculture Organization (FAO) appears in the forefront, with its representative Christy Lawrence declaring that "the state must construct a sound legal basis in order to guarantee the legitimate interests of forestry investors." And what about --might we ask-- the "legitimate interests" of the peoples whose land will be taken over and whose environment will receive the impacts?

For the government's plan to establish five million hectares of new plantations by the year 2010 to be successful, a number of incentives are being offered to the plantations industry:

- land leases for longer periods than for other activities
- exemptions from land rent for the first five years
- a 50% reduction of land rent for the following five years.

However, these incentives seem to be yet insufficient for plantation and industrial companies, who are putting pressure on the government to obtain further subsidies such as:

- revenue tax breaks of at least 50% during the first five years
- exemptions from import taxes on equipment, machinery and vehicles for plantation and processing activities
- low interest rate loans
- long term loans

Neither the government nor the industry are inventing anything. The same pattern repeats itself all over the South and the real reason is not to help "development" of "developing" countries but to serve --as usual-- the interests of the powerful to make them yet more powerful.

Source: WRM analysis based on information from Minh Anh's article "Incentives sow seeds for forestry investment boom", Vietnam Investment Review, 22-28 June 1998.

