



# VIET NAM COUNTRY PROFILE



In Viet Nam, forestry is an economic-technical sector that covers the management, protection, development and utilization of forests, the processing and trading of forest products in a market orientation and international integration. The forestry sector plays an important role in socio-economic development, environmental protection and national security and defense.

The rapid growth and development of the forest economy in recent years has contributed to Viet Nam's deeper and wider international economic integration and international sectoral cooperation helping to mobilize and attract great technical and financial support in order to implement sustainable forest protection and development programs.

After more than 30 years of renovation, Viet Nam forestry sector has gradually transformed from State-based sector into resource-based sector, from the sector which considered harvesting timber products in natural forests as main income source into the sector which involves the participation of various economic sectors.

## Forest resources and forest cover

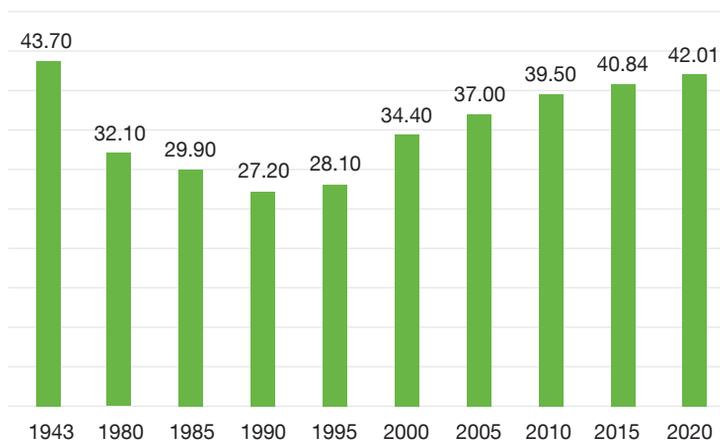
As of 2020, forest land occupies 45% of the total land area of Viet Nam, while the area with forest cover is 14.67 million hectares, equivalent to 42.01% of the total land area. According to figures announced by Viet Nam Administration of Forestry (VNFOREST) (Table 1), 70% of the forested area is classified as natural forests of different types (10.27 million ha) and 30% is planted forest (4.39 million ha). Meanwhile, in terms of forest use, 53.3% of the forested area is categorized as Production Forest (7.81 million ha), 31.9% is Protection Forest (4.68 million ha), and 14.8% is Special Use Forest which includes national parks and other protected areas (2.17 million ha). While some planted forest is for protection functions, the majority of the planted forest (84%) is in the production forest category. Forest cover of Viet Nam from 1943 to 2020 is shown in Figure 1 below.

**Table 1. Area with forest according to forest type and forest category, 2020 (hectares)**

Forest type	Forest Category			Total
	Special Use Forest	Protection Forest	Production Forest	
Natural Forest	2,081,425	4,070,519	4,127,240	10,279,185
Planted Forest	91,805	614,985	3,691,240	4,398,030
<b>Total</b>	<b>2,173,231</b>	<b>4,685,504</b>	<b>7,818,480</b>	<b>14,677,215</b>

Source: Decision No. 1558/2021/QĐ-BNN-TCLN.

**Figure 1: Viet Nam Forest Cover (%)**



(Source: Viet Nam Administration of Forestry)

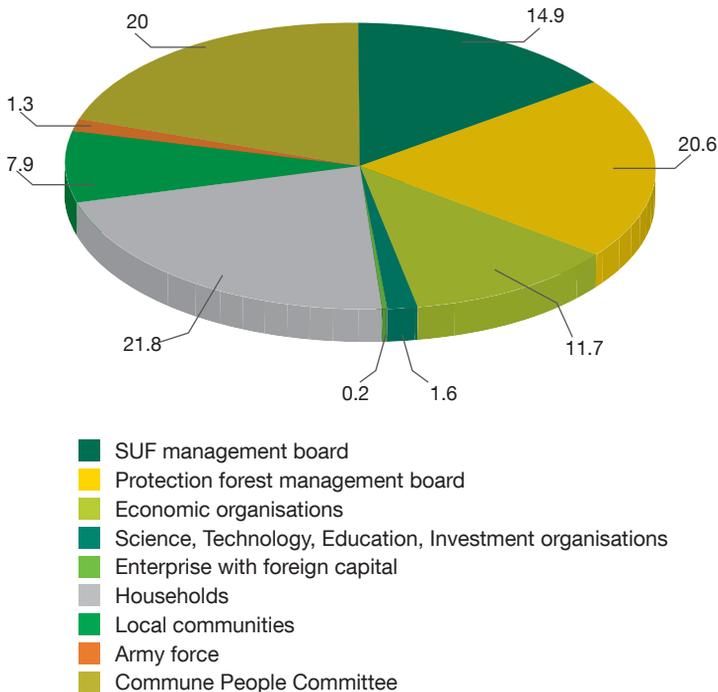
## Forest resources and forest cover

For the last 30 years, there has been a major shift in the forest tenure in the whole country. The reform in forest policies during 1990s prompted a shift from state forestry to more people-concentrated forestry. By the early 1990s, Viet Nam started with a forest tenure reform process, known as “Forest Land Allocation” with aim to involve different stakeholders in forest tenure.

With regard to forest land allocation and usage rights, around 21.8% of the total forest area is allocated to individual households; 7.9% is allocated to village communities; 11.8% is allocated to economic organisations including domestic and foreign investment enterprises; 20.6% is under management of the commune authorities; and 35.5% is under state management boards for special use and protection forest. Status of forest tenures in 2020 in Viet Nam is illustrated in Figure 2.

Around 41.5% of planted forest and 23.5% of natural forest is allocated to households or village communities. Nationwide, there are over 1.5 million rural households using forestry land and over 115,000 forestry households which devote most of their labour and obtain the major share of their incomes from forestry.

Figure 2: Forest tenure in 2020 (%)



(Source: Decision No.1558/2021/QĐ-BNN-TCLN)



## Domestic timber production

Since 2014 the Government of Viet Nam has placed a prohibition on logging from domestic natural forests which was further strengthened in 2017 with restrictions on the conversion of natural forest to other land uses in addition to the logging ban. Domestic timber production thus comes predominantly from other forest categories and land categories including concentrated timber plantations, home gardens, scattered trees and rubber wood.

Figure 3: Domestic timber production from concentrated plantations, home gardens, scattered trees and rubber wood, 2012 to 2020 (million m3)



(Source: Viet Nam Administration of Forestry)

It is estimated that in the period from 2006 to 2019, on average, more than 227,000 hectares of forest plantations were established each year across the country. The output of domestically grown timber, from concentrated timber plantations and other sources, has increased substantially in recent years from around 8.7 million m3 in 2012, to 23.3 million m3 in 2016 and 30 million m3 in 2020 (Figure 3). These domestic sources now meet around 85 per cent of the supply for the processing industries. Much of this material goes into lower value timber products, the wood chip industry, and to local markets; but domestically grown timber is increasingly meeting some of the demands of furniture manufacturers producing for export markets. Even so, the furniture industry still relies on imports of high quality raw materials and hardwood timbers that are not available in Viet Nam.



## Timber processing industry, export and import of timber and timber products

There are currently over 5,500 timber and forest product processing and trading enterprises nationwide, in addition to several thousand micro-enterprises and household businesses that also work in this economic sector. Of the 5,500 plus larger enterprises, it is estimated that around 81% are furniture processing enterprises, 12 % are producing other types of timber products (wood chips, plywood, laminated board, pellets, particle board, and wooden pallets etc.) and 7% are engaged in processing non-timber forest products.

The export value of timber and forest products has significantly increased over the past 10 years, from 4.19 billion USD in 2011 to 12.5 billion USD in 2020. Value of imports and exports of timber and timber products from 2011 to 2020 is shown in Figure 4.

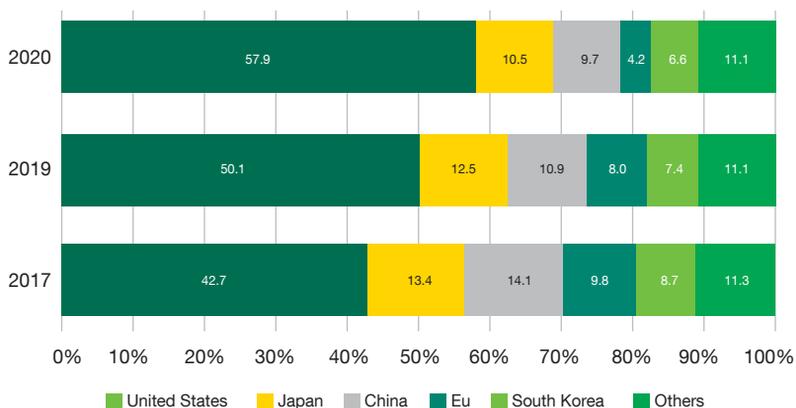
Figure 4: Value of imports and exports of timber and timber products from 2015 to 2020 (Bil. USD)



(Source: General Department of Viet Nam Customs)

Figure 5 shows the major export markets of Viet Nam's timber and timber products are the United States of America, Japan, China, European Union and South Korea.

Figure 5. Proportion of total export value of timber and wood products occupied by five major destination markets, 2017, 2019 and 2020 (% of value)



Source: Forest Production Development Department, VNFOREST.

Table 2 shows the value of imports from ten major source countries and regions from 2017 to 2020. These figures display two noteworthy characteristics of Viet Nam's timber imports. Firstly, substantial changes have taken place from year-to-year in the source countries and regions and this dynamic continued in 2020. Secondly, the figures show the extent to which the processing industry continues to rely on material supplies from tropical and temperate sources. Several short and medium-term trends can be highlighted.

**Table 2. Value of imports of wood and wood products into Viet Nam from ten major source countries and regions, 2017 to 2020 (million USD)**

Country/ Region		2020	% change 2019-2020	2019	% change 2018-2019	2018	% change 2017-2018	2017
1	China	846.1	27.9	661.3	43.0	462.3	20.7	383.1
2	Africa (region)	373.6	-24.4	493.9	-4.2	515.6	4.4	493.7
3	USA	321.3	-6.1	342.2	10.2	310.6	25.6	247.3
4	EU (region)	230.1	-14.7	269.7	8.0	249.6	5.9	235.8
5	Thailand	120.4	9.5	110.0	34.3	82.4	-13.8	95.6
6	Chile	66.8	-17.2	80.7	-1.1	81.6	33.8	61.0
7	Malaysia	52.5	-26.2	71.1	-37.7	114.2	13.7	100.4
8	New Zealand	65.8	-5.6	69.7	7.3	65.0	6.8	60.8
9	Laos	56.6	8.6	52.1	60.1	32.6	-20.4	40.9
10	Cambodia	8.1	-75.2	32.6	-67.6	100.6	-52.8	213.1
	Others	413.4	12.9	366.2	11.62	328.1	33.37	246.0
	<b>TOTAL</b>	<b>2554.7</b>	<b>0.2</b>	<b>2549.4</b>	<b>8.83</b>	<b>2342.6</b>	<b>7.57</b>	<b>2177.7</b>

Source: Viet Nam Timber and Forest Products Association, Handicraft and Wood Association of Ho Chi Minh City, Binh Duong Furniture Association, Forest Producers Association of Binh Dinh, Forest Trends (2021), using trade statistics sourced from the General Department of Customs

## Voluntary Partnership Agreement between Viet Nam and European Union on Forest Law Enforcement, Governance and Trade (VPA/FLEGT)

The VPA/FLEGT between Viet Nam and the European Union (EU) came into effect on 1 June 2019 after more than 6 years of negotiation.

The objective of the VPA/FLEGT is to provide a legal framework aimed at ensuring that all timber products that are imported into the EU from Viet Nam are legally produced and come from legal timber sources. This objective is consistent with the joint commitment of Viet Nam and the EU to the sustainable management of all types of forests. In so doing, the VPA/FLEGT is intended to make an important contribution to the fight against illegal logging, and to promote trade in timber products that are from sustainably managed forests and harvested in accordance with domestic legislation in the country of harvest.

This objective will be achieved through establishment of the Viet Nam Timber Legality Assurance System (VNTLAS), together with a FLEGT licensing scheme to ensure that only legally verified products will be able to enter the EU market. While FLEGT licensing will apply only to exports to the EU, the scope of regulation in the VNTLAS covers timber and timber products produced for Viet Nam's domestic market and all export markets. In terms of timber sources, the VNTLAS covers domestically grown timber as well as imported timber. And the regulations apply to all Vietnamese operators in the supply chain.

The Government's overall implementation plan for the VPA/FLEGT was approved through Decision No.1624 of the Prime Minister in November 2019. This plan sets out the tasks assigned to central government ministries and agencies and to the provincial government authorities, as well as identifying the role of non-state organisations and the Multi Stakeholder Core Group in VPA implementation.

During 2019 and 2020 priority has been given by Viet Nam to developing national legislation to implement the commitments in the VPA. To this end, a major outcome in 2020 was promulgation of Government Decree No.102 on the Timber Legality Assurance System which was approved by the Prime Minister in September, and which came into effect at the end of October. This new Decree provides the basis for implementing five main elements of the VNTLAS, namely: the timber import controls and export controls, the enterprise classification system, the FLEGT licensing scheme, and the independent evaluation.



## Introducing the new legislation on timber import controls

Viet Nam's Timber Legality Assurance System aims to ensure that only legally harvested timber is imported into the country. This is being done by introducing a risk-based verification approach, the main elements of which are described in Box 1. The due diligence, self-declaration and additional documentation requirements are new to importers, so it is expected that it will take some time for them to become familiar with the legal obligations and procedures. One of the first priorities of VNFOREST has been to coordinate closely with the General Department of Customs in guiding enterprises to understand and apply the new regulations, while paying special attention to resolving immediate difficulties faced by importers and the border gate customs officials.

A priority in 2021 and beyond will be to develop effective information and advisory services for importers. In particular, awareness raising and capacity building is needed on the methods of due diligence, and importers need access to up-to-date information on the timber legality regulations that apply in the source countries exporting timber to Viet Nam.

### Box 1. How will the VNTLAS address imported timber?

- **Risk filters.** Two risk filters will be applied to timber imports, in addition to the customs risk assessment system operated by the Customs authorities. The first is timber species risk categories. Imported timber species will be classified into two groups – high-risk and low-risk – based on a number of criteria. For example, high-risk species will include endangered, precious and rare species according to Vietnamese legislation and CITES listed species. The second risk filter is risk associated with geographic origin. Timber imports of high-risk species and/or from high risk geographic origin will be subject to more intensive import controls.
- **Due diligence responsibilities of timber importers.** Timber importers will be required to conduct due diligence to ensure that the imported timber has been legally harvested, produced and exported in accordance with the relevant legislation in the country of harvest. The due diligence requirement means that importers will need to collect information from their suppliers in other countries, to assess this information to identify any risks of illegality, and to adopt measures to mitigate any risks associated with the timber source. As defined in the VPA/FLEGT, this risk assessment should cover rights to harvest, forestry activities, taxation and fees, and trade and customs according to legislation of the country of harvest.
- **Self-declaration requirement.** Importers will need to complete a self-declaration that explains and documents their due diligence activities. The self-declaration will apply to all timber imports, with the exception of import shipments that are covered by either a CITES Permit, or by a FLEGT License from another VPA/FLEGT country as recognized by Viet Nam. The self-declaration will be submitted together with applicable customs documentation.
- **Additional documentary requirements.** For imports of timber of high-risk species and/or from high risk geographic origin, additional documentation will be needed as evidence of its legal origin together with information in support of their due diligence activities. This additional documentation has to be adequate to effectively reduce the risk of illegal harvest and may include: certification by a voluntary certification scheme or national certification scheme recognized by Viet Nam as meeting VNTLAS requirements; a legal harvesting document in line with legislation in the country of harvest; or alternative documents demonstrating legality in line with legislation in the country of harvest.
- **Risk-based verification of timber imports.** Compliance with the import regulations will be verified through customs inspection and post-customs checks by the Customs authorities in cooperation with the local Forest Protection agency. In the event of non-compliance with the import regulations, adequate, proportionate and dissuasive administrative or criminal sanctions will be imposed in accordance with the applicable legislation of Viet Nam.

## The project “Support to VPA processes in Vietnam, Laos and Cameroon: Towards legal timber supply chains between VPA countries”

The German Federal Ministry for Economic Cooperation and Development (BMZ) has been committed to combatting illegal logging and timber trade, along with fostering good forest governance for many years. This commitment has recently been reiterated in the BMZ Forest Action Plan (2017). In this context BMZ has commissioned the Global Project Forests for Future (GV F4F) to support VPA FLEGT processes in several countries.

To support the VPA implementation in Viet Nam, the GV F4F has been co-commissioned by the UK Foreign, Commonwealth and Development Office (FCDO) through the Forest Governance Markets and Climate Programme (FGMC) to support legal timber supply chains between VPA countries and the development of an import control system in Vietnam. The project support currently focuses on south-south trade with a focus on timber and timber product trade from Laos, Cameroon and other countries to Vietnam. The FCDO-co-financed project is called “Support to VPA processes in Vietnam, Laos and Cameroon: Towards legal timber supply chains between VPA countries” (hereinafter referred to as VPA-support Project or the Project).

Within the framework of this project a set of training material and number of documents have been developed and printed, including: Training manual on timber imported control and supply chain control under the VPA/FLEGT; Importing timber: risks and recommendations; Guide to identify some important timber species imported from Africa. In 2021, despite the COVID-19 epidemic, the project organized nearly 10 training courses for forest rangers and customs officers for 30 provinces on new legal regulations related to the management and control of imported timber.

