Risk Scores: 88.9 (Higher Risk)¹
Conflict State: NO²
Log Export Restriction in Effect: YES³
Import Regulation in Effect: NO

- The Government of Lao People’s Democratic Republic (Lao PDR) has developed new legislation, policies, and plans to promote economic development through socially and environmentally sustainable forest management but illegal logging remains a challenge.
- There are risks associated with the land allocation process in Lao PDR and corruption persists, though this risk has been diminished by recent legal reforms around granting of concessions and management of conversion timber.
- Lao PDR has introduced numerous bans on the exports of unprocessed logs and sawn timber which has dramatically reduced trade with Vietnam and China.
- There remains a risk of unsustainable and illegal trade in the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)-listed species, but a recent (September 2021) Order has prohibited imports and exports of goods protected via international conventions, including CITES.
- Enforcement is improving but is still weak and lacks sufficient resourcing.

**TRADE PROFILE OF FOREST PRODUCTS⁵,⁶,⁷**

Total Imports (2019): $179.81 million
$345.54 million. $2.99 million (0.87%) declared as exported to “regulated markets”⁸

**SUMMARY OF HIGHEST PRODUCT-LEVEL RISKS**

Exports - Top Products Exported to the U.S. by 2019 Value⁹
- Plywood (HS4412)
- Charcoal (HS4402)
- Sawnwood (HS4407)
- Veneer (HS4408)
- Wood Furniture – Seating (HS940161 & HS940169)

Lao PDR has prohibited the export of logs and sawnwood from natural forests since 1988⁷.⁸.⁹.¹⁰.¹¹.¹².¹³ although enforcement of these restrictions has been inconsistent. In 2007, a Prime Minister’s Order decreed that Lao PDR would also restrict the export of semi-finished timber products¹⁴.¹⁵.¹⁶ later clarified to include veneer, plywood, boards, builders’ carpentry, joinery products, and paper pulp.¹⁷

In 2015, Lao PDR issued a Notice⁸ which prohibited the export of logs.¹⁸.¹⁹.²⁰ There was, however, an exemption for “farmed” (plantation) wood that could not be domestically processed. This timber could be exported in log form accompanied by a complete set of certified documents granted by authorities. These restrictions were then
superseded in May 2016 by a new Prime Minister’s Order, PMO15, which bans the export of logs, sawnwood, spited wood, roots, stumps, branches, and plants from natural forests. This 2016 Order also prohibits the import of illegally-sourced timber for the purpose of re-export to third countries, and prohibits border checkpoints from approving or facilitating the international trade of logs or sawnwood. In September 2016, Lao PDR passed an additional law banning the export of black charcoal, which was reaffirmed in 2018. These 2016 restrictions are presumed to remain in force. In October 2021, the Ministry of Industry and Commerce (MOIC) issued new instruction on exporting plantation wood products (No. 0981/MOIC).

**SUMMARY OF HIGHEST SPECIES-LEVEL RISKS**

Illegal logging and trade affect many timber species, but highly valuable - often rare and endangered - species that are protected under harvest and/or trade regulations are a key target and at an elevated risk for illegality. The following species are either currently, or have recently, been protected in Lao PDR.

**CITES-Listed Species (Appendix II):**

**Appendix II:**
- Agarwood *(Aquilaria crassna)*
- Rosewood *(Dalbergia spp.)*

Species protected by Lao PDR’s 2019 Forestry Law, updated in 2021 through Decision No. 0448/MAF/2021.

List I refers to species that are rare, have medicinal properties, are at risk of extinction, grow or can be cultivated only in a particular area, have slow growth, have a unique wood texture, and produce a highly durable wood. This list also includes all species listed in the CITES Appendices, such as *Dalbergia cochinchinensis*, *Cunninghamia Sinensis*, *Pterocarpus macrocarpus*.

**List I:**
- Siamese Rosewood, Mai Kha Nyoung or Mai Kha Nhoung *(Dalbergia cochinchinensis)*
- Mai Khamphi *(Dalbergia oliveri)*
- Mai Dou *(Pterocarpus indicus)*
- Mai Doulay *(Dalbergia spp., Dalbergia cultrate)*
- Mai Dou Lai *(Pterocarpus macrocarpus)*
- Dalbergia lanceolaria
- Dalbergia odorifera
- Indochina Ironwood *(Erythrophleum fordii)*
- Mai Moon *(Diospyrus mun)*
- Diospyros malabarica
- Pterocarpus pedatus
- Deng, or Pyinkado *(Xyilia xylocarpa var. xylocarpa)*
- Afzelia xylocarpa
- Teak *(Tectona grandis)*
- Fokienia hodginsii
- Chinese Fir *(Cunninghamia konishii)*
- Mai Longleng *(Fokienia hodginsii, or Cunninghamia lanceolata)*
- Calocedrus macrolepis
- Glytostrobus pensilis
- Dacrycarpus imbricatus
- Dacrydium elatum
- Keteleeria evelyniana
- Pinus latteri
- Pinus kesiya
- Pinus dalatensis
- Hopea odorata
- Malut, or chengal batu *(Hopea ferrea)*
- Cinnamomum cassia
- Mai Manhpa *(Cyrtophyllum fragrans)*
- Magnolia baillonii
- Mai Phout Pha, or Gardenia *(Gardenia cambodiana)*
- Kroeul Tree *(Gluta spp.)*
- Mai Champa Pa *(Magnolia champaca)*
- Rhus succedanea
- Diospyros mollis
- Cynometra craibii
- Millettia leucantha
- Agarwood or Mai Ketsana *(Aquilaria spp.)*
FORESTRY SECTOR

**Forested Area:** 16.60 million ha (19% protected)\(^42\)\(^43\)

**Deforestation Rate:** 0.21% annually\(^44\)

**Forest Ownership (as of 2015):**
- 16.77 million ha publicly-owned (100%)\(^k\)

**Certified Forests:**
- FSC Certification: 86.4 thousand ha (2019)\(^46\)

**Domestic Production:**
- Wood Fuel: 5.77 million m\(^3\) (2019)
- Logs: 1.43 million m\(^3\) (2019)
- Sawnwood: 255 thousand m\(^3\) (2019)
- Plywood: 51 thousand m\(^3\) (2019)
- Veneer: 30 thousand m\(^3\) (2019)
- Charcoal: 93 thousand tonnes (2019)
- Paper: 15 thousand tonnes (2019)

The following are plantation-based species:
- **Rubberwood** (*Hevea brasiliensis*)\(^36\)
- **Eucalyptus** (*Eucalyptus* spp.)\(^37,38\)
- **Acacia** (*Acacia auriculiformis, Acacia mangium*)\(^39,40\)
- **Teak** (*Tectona grandis*)\(^41\)

LAO PDR’S TOP SOURCE MARKETS FOR FOREST PRODUCTS BY IMPORT VALUE (2019)\(^1,48\)

<table>
<thead>
<tr>
<th>Market</th>
<th>Trade Value (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>70M</td>
</tr>
<tr>
<td>China</td>
<td>60M</td>
</tr>
<tr>
<td>Vietnam</td>
<td>50M</td>
</tr>
<tr>
<td>EU + EFTA</td>
<td>40M</td>
</tr>
<tr>
<td>Japan</td>
<td>30M</td>
</tr>
<tr>
<td>Other Markets</td>
<td>20M</td>
</tr>
</tbody>
</table>

Tree list II refers to tree species that grow and can be cultivated in specific areas, have slow natural growth and produce wood of medium durability, such as *Dipterocarpus* spp. and *Vatica harmandiana*. Tree List III refers to tree species that grow and can be cultivated in most areas, that have a good natural growth rate and produce wood of low durability, such as *Alstonia rostrata* *Fischer*, *Mangifera* spp., and *Samanea saman*. For the full lists of species, see Decision No. 0448/MAF/2021.

The following are plantation-based species:
- **Rubberwood** (*Hevea brasiliensis*)\(^36\)
- **Eucalyptus** (*Eucalyptus* spp.)\(^37,38\)
- **Acacia** (*Acacia auriculiformis, Acacia mangium*)\(^39,40\)
- **Teak** (*Tectona grandis*)\(^41\)
HIGH-RISK TRADE: GLOBAL IMPORTS OF LAOTIAN SAWNWOOD IN YEARS IN WHICH LAO PDR HAD AN ACTIVE SAWNWOOD EXPORT RESTRICTION BY COUNTRY OF IMPORT (2016-2019)

![Graph showing trade value of Laotian sawnwood imports by country (2016-2019)].

HIGH-RISK TRADE: GLOBAL IMPORTS OF LAOS CHARCOAL IN YEARS IN WHICH LAO PDR HAD AN ACTIVE RESTRICTION ON BLACK CHARCOAL EXPORTS BY COUNTRY OF IMPORT (2017 – 2019)

![Graph showing trade value of Laos charcoal imports by country (2017-2019)].
The Government of Lao PDR has developed new legislation, policies, and plans to promote economic development through socially and environmentally sustainable forest management but illegal logging remains a challenge.

Lao PDR’s forest area is estimated at 16.6 million hectares, with natural forests accounting for 14.8 million hectares. The main reported species include khasi pine (Pinus khasya), resin tree (Dipterocarpus alatus), baak, or mersawa (Anisoptera costata (syn. Anisoptera cochinchinensis, Anisoptera robusta), malut, or chengal batu (Hopea ferrea), mai doulay/mai dou lai (Pterocarpus macrocarpus), Afzelia xylocarpa, s’a:d (Dipterocarpus obtusifolius), Dalbergia kerii, mai chik/taengwood balau (Shorea obtusa), and Dipterocarpus tuberculatus.

The Government of Lao PDR has made the expansion and protection of forest a policy priority. The Forest Sector Strategy 2020 (launched in 2005) aimed to increase forest cover to 70 percent by 2020, and the revised Forestry Sector Strategy to 2035, expected to be endorsed and approved by the government by the end of 2021, retains this target. Reports indicate that “this goal is held as a litmus test for the effectiveness of the Party’s administration in Laos.” In 2019, the government upgraded two national protected areas, establishing Nakai Nam Theun and Nam Et-Phou Louey as the first two national parks, and in 2020, Hin Nam No was also redesignated as a national park and is short-listed to become the country’s first natural World Heritage Site. The Minister of Agriculture and Forestry, Dr. Phet Phomphithak stated that the national forest cover was 62 percent in 2021, falling short of the 2020 target. Lao PDR’s 9th Five-Year Socio-Economic Development Plan of the Government for the period 2021-2025 revised the target end date to 2025. Most of the anticipated increase in forest cover is expected to result from focusing on natural regeneration and expanding forest plantations to 1.2 million hectares by 2030. This is expected to include an additional 500,000 hectares, as per the Forestry Sector Strategy to the year 2035. Four companies (Scandinavian SilviCarbon [which acquired Stora Enso Laos] and Burapha, Australian Mekong Timber Plantations and Chinese Sun Paper) are active in the tree plantation and wood-processing sector and more companies may invest.

Despite falling short of the initial forest cover target, policies targeting illegal logging and trade have generally been lauded. In particular, Prime Minister Order (PMO) 15 issued in 2016, outlined a number of actions to tackle illegal logging including a suspension of the export of logs and timber harvested from natural forests including timber exports approved by the government but not yet executed and a prohibition of imports of illegal timber and subsequent export to third countries. Reports suggest that implementation of Prime Minister’s Order 15 (2016) as well as Prime Minister’s Order 13 (2016), which halted the uncontrolled expansion of land concessions, achieved a 75 percent reduction in illegal logging between 2016 and 2017. These measures built on a Prime Ministerial Decree (Decree No. 31/PM), issued in 2013, which placed a temporary
The government of Lao PDR announced its interest in negotiating a Forest Law Enforcement Governance and Trade (FLEGT) Voluntary Partnership Agreement (VPA) with the European Union in 2012. Between 2017 and 2019, three face-to-face negotiations took place, focusing on the Lao PDR timber legality assurance system, timber legality definitions, supply chain control and verification. FLEGT licensing is not operational.

Over 50 percent of the land area of Lao PDR is zoned as forestland and categorized as either:

- **Production forest areas (PFAs)**, estimated at 3.1 million hectares managed primarily for the production of wood, fiber and non-timber forest products. There are reportedly 51 PFAs (defined by Prime Minister Decree No. 59/PM, 2002), though in 2012 only 15 percent of the area was reported to be of good quality. Logging in production forest was temporarily suspended in 2013 and that suspension was extended in 2016 under the Order of the Prime Minister No. 15/PM, dated 13 May 2016. The state has sole ownership of production forest. Villages with boundaries in production forest have a right to be involved in forest management, but without a secure claim to resources it is “hard to motivate villagers to engage in a participatory management scheme”, and in some cases villagers have resorted to illegal logging. Community forestry is reportedly “undermined, by a tendency to favor government, the military, and concessionaires in the appropriation of timber rents.”

- **Protection forest areas (PtFAs)** estimated at 7.8 million hectares and include both forest and agricultural land. They are reportedly meant to be managed primarily for watershed protection, to reduce natural resource and disaster risks.

- **Conservation forestland areas (CFAs)**, estimated at 4.5 million hectares and include protected areas.

Current legislation does not allow the allocation of concessions for commercial timber harvesting in natural forests. Timber harvesting for commercial purposes in natural forests is only allowed under annual national logging quotas for selective logging in production forest areas, or in the course of land clearance for development projects. In some specific cases, the government leases forest areas as a form of concession to a village or association of villages for up to 50 years, including some commercial timber rights, upon payment of royalties and fees, in addition to customary use and management rights.

There are also 3.3 million hectares of forests and potential forests outside the three state forest categories in Lao PDR. This included most tree plantations. The plantation area is approximately 480,000 hectares, of which rubber trees cover around 275,000 hectares (58 percent of the total planted area), followed by company-owned eucalyptus and acacia plantations and smallholder-owned teak plantations. Lao PDR’s 1996 and 2007 Forest Laws allowed plantations to be permitted in Permanent Forest Areas, based on a requirement of “plantation plans,” and a 2018 Prime Ministerial Order (No. 09) specified that land should be surveyed prior to being granted as plantations. This has been interpreted by concessionaires as an “opening” of Production Forests, and several concessions have been issued to the four companies active in Lao PDR’s plantation sector. PM Order 07, issued in 2021, clarifies that approval of up to 10,000 hectares for plantations must be granted by the Ministry of Agriculture and Forestry, per the 2019 Forest Law.

All plantations must be registered before harvest. Harvest of plantation timber for commercial use is expected to comply with the plantation management plan, and have a permit issued by the agriculture and forestry authorities. However, harvest and transport permission is not required for exotic species, though volumes of timber must be reported to the government. Plantation-grown teak, because it is classified under List I (see species section above) as “under threat,” must have harvest and transport permits.
Smallholder plantations are reportedly often unregistered because of the costly and onerous procedures. Most wood from smallholder plantations is reportedly transported without government approval. While smallholders planting on their own land do not need management plans, this requirement is ambiguous for contract farming plantations and there are contradictory regulations between the Ministry of Planning and Investment and Ministry of Agriculture and Forestry.

While the government of Lao PDR has made a number of important policy and regulatory improvements to tackle illegal logging and trade in recent years, implementation, compliance, and enforcement remains a challenge and illegal logging, particularly in protected areas continues.

- There are risks associated with the land allocation process in Lao PDR and corruption persists, though this risk has been diminished by recent legal reforms around granting of concessions and management of conversion timber.

The allocation of largescale land concessions has been a highly controversial issue in Lao PDR over the past decade, and the government has already issued several moratoriums on the granting of new land concessions. This has created a lack of regulatory clarity including in land and production agreements and ownerships of timber and rubberwood plantations. Around 1,019,340 hectares of land has reportedly been granted in various land deals (based on 2007-2010 and 2016-2017 land deal inventories). Roughly 41 percent of the area has been granted for mining, 35 percent for tree plantations, 23 percent for agriculture and 1 percent for hydropower.

In 2012, new concessions for mining, rubber and eucalyptus plantations were suspended through PM Order No. 13, 2012, though hydropower and plantations for other species continued to be approved. The government has since been undertaking a Quality of Investment Review to consider how to proceed with land allocations. In 2018, following advocacy from donors and industry, PM Order No. 13, 2012 was lifted in part through PM Order No. 09, dated 2nd July 2018, which removed the ban on some new tree plantations (eucalyptus, acacia, teak, bamboo and other native species); but the ban on new concessions or leases for rubber remained in place. Regulations now require the land area to be surveyed before the concession is approved, and lower rates of return mean that concession expansion has slowed. The diverse ownership arrangements for plantations pose challenges for demonstrating legality of timber and other products like rubber.

There is a risk that the land allocation and conversion process does not fully comply with the law. In several cases, reports suggest that plantation concessions have been issued or extended into areas where establishment of commercial tree plantations is not legally allowed. The inventory of state land leases and concessions in Lao PDR (2007-2010) revealed that a considerable share of tree plantation projects granted permission (59,517 hectares, or 19 percent) occur on land categorized as forest. Most of the tree plantation area occurring on land categorized as forest falls within protection forest (42,257 ha). A sizeable area of plantations (10,127 ha) were found within areas categorized as conservation forest.

In addition to illegal allocation of land deals, Hett et al. (2020) found a lack of consultation, monitoring and enforcement of regulations in land deals with villagers not being consulted or given prior consent to clear land in 40 percent of the 279 deals studied. The revenue from conversion timber is attractive for local authorities who reportedly approve the concessions in forest areas, but reports suggest that local communities whose customary tenure rights are not recognized are expropriated and dispossessed. Hett et al., also found that 76 percent of the land deals surveyed had failed to report to the relevant government authorities. One third of all the land deals only carried out the required Environmental Impact Assessment after the land had been cleared of forest and environmental monitoring was conducted “at alarmingly low levels”.

Corruption is a concern and permeates the forestry sector. Lao PDR ranks low on Transparency International's Corruption Perception Index for 2020, at 134/180. Provincial reports suggest that some authorities have abused or “misinterpreted” their power and mandates; in other cases, mandates are unclear, and even at the Ministerial level there has been ongoing debate about authority to approve. The inventory of state land leases and concessions in Lao PDR (2007-2010) found that, in many cases, authorities at the provincial or district levels were approving land areas over the limit of their mandate. For instance, authorities of Vientiane and Xayabury provinces approved land concessions for tree plantations of 670 and 300 hectares respectively, which significantly exceeded the limits of their authority. Chatham House reports that maximum penalties for corruption are only moderately dissuasive in Lao PDR, with the worst cases leading to demotion or loss of position for public officials. To date, penalties applied reportedly do not seem proportionate to the offences and there is little information on how effectively the law is implemented.
The government of Lao PDR has taken action to tackle corruption and illegal logging in the forest sector over the last few years. The State Inspection and Anti-Corruption Authority has the mandate to prevent and counter corruption and operates under the authority of the Law on Anti-Corruption (No.03/ NA 2005) which also defines principles, rules and measures that the authority can take. This authority has demonstrated an enhanced capacity to tackle corruption and illegal logging and is directly supported by the prime minister whose policies are directed at reducing corruption. In July 2017, state inspection authorities seized more than 24 trucks after they were found to be carrying illegally harvested timber, reportedly owned by the wife of the governor of Attapeu province, that was intended for sale across the border in Vietnam. The Attapeu governor, was subsequently fired. In June 2019, thirty-three officials in Xieng Khuang province were disciplined for taking bribes, 80 percent of them involved the illegal timber trade. The provincial governor reported that “we are investigating more officials as we won't allow any corrupt officials to escape prosecution”. However, despite some improvements, the government reported in early 2020 that corruption cost the country up to $120 million in 2019.

Likewise, the government of Lao PDR has been working to overhaul the process of granting land concessions. Several related Orders (e.g. PMO 03 2019) concern the approval of the controlled business list and concession activities, against which Ministries have been issuing implementing Instructions. In addition, the government of Lao PDR has inspected and cancelled a number of non-compliant concessions (including rubber concessions). To date, however, there has been no resolution of the issue of “legacy wood” harvested from non-compliant projects.

- **Lao PDR has introduced numerous bans on the exports of unprocessed logs and sawn timber which has dramatically reduced trade with Vietnam and China.**

To promote the export of semi-finished and finished products, the government of Lao PDR introduced numerous bans on the export of logs and sawn timber (PM Orders No. 11/1999, 10/2000, 15/2001, 18/2002, 25/2004), with Decision No.1415/MOIC. DOI, 2008 providing clarification on types of timber products prohibited for export. The successive bans on unprocessed timber products continued in 2015 (No. 1360) and 2016 (PMO 15) which appear to have reduced illegal timber exports, in particular exports to Vietnam and China, which made up 94 percent of Lao PDR’s export market. The total volumes of logs and sawnwood exported to Vietnam and China in 2016 dropped to 26 per cent of their peak in 2014 – the lowest level in a decade. Log and sawnwood exports to China and Vietnam were reportedly $131.21 million in 2020.

While historically, there has been a risk of illegal, cross-border trade particularly with Vietnam, export restrictions have largely reduced the scale of illegal trade. However, incidents of illegal cross border timber trade are still reported. For example, Attapeu province in Southeast Lao PDR has been a hotspot for cross border illegal trade facilitated by corruption. The government imposed a ban on the sale of timber, but Attapeu province officials reportedly working without approval from central authorities, allowed timber to be sold by local residents. Provincial officials were reportedly allowing private businessmen to buy old wood from villagers in the flood-affected areas in Sanamxai district in 2020 and 2021 but illegally logged timber from years earlier has been mixed in with the authorized logs. Since January 2021, the timber trade in Attapeu has been attracting buyers from Lao PDR, China, and Vietnam.

- **There remains a risk of unsustainable and illegal trade in CITES-listed species, but a recent (September 2021) Order has prohibited imports and exports of goods protected via international conventions, including CITES.**

Lao PDR is a party to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) but the country is in Category 3 of the CITES National Legislation Project. This means that there are significant legislative gaps and its legislation is generally considered not to meet any of the four requirements for effective implementation of CITES. The CITES Secretariat has reported concerns about the transient nature of staff responsible for CITES implementation, resulting in “institutional instability, legal uncertainty and weak governance”. The Secretariat observed that Directors responsible for signing and issuing CITES documents are appointed for short periods, and then moved to other divisions or Ministries. Additionally, there are reports of government authorities issuing illegitimate CITES export permits.

Siamese rosewood (Dalbergia cochinchinensis) was included in Appendix II of CITES in 2013. This means that there are strict trade controls on exports of the timber. Under CITES Appendix II, species cannot be exported from range state producer countries without CITES export permits issued by relevant management authorities following the verification of legal acquisition of the species, with these being issued, in turn, on the basis of scientific authorities’ confirmation that such trade will not be detrimental to the survival of the species. Range states are also obliged to pre-notify the CITES Secretariat regarding voluntarily set quotas for harvest and trade before any CITES export permits can be issued.
Reports suggest that exploitation of CITES exemptions and corruption in Lao PDR have facilitated the illegal trade of *Dalbergia cochinchinensis* with well documented cases in the last decade. This led to a diminishing number of remaining trees which is now "of grave concern and needs to be dealt with urgently." The Environmental Investigation Agency (EIA) reported that Lao PDR had no credible inventories of remaining populations of Siamese rosewood to justify any exports, as required under the Convention, making a Non-Detriment Findings (NDF) impossible. Field surveys carried out in two central Lao PDR provinces in 2012 confirmed that natural populations of *Dalbergia cochinchinensis* in the Lao PDR are under severe and continuing threat from illegal logging. As a result of the lack of NDF for any species of *Dalbergia*, in particular *D. cochinchinensis* and *D. oliveri*, all commercial trade in *Dalbergia* from Lao PDR is currently suspended under Article XIII of the Convention.

Vietnamese customs data suggests that imports of Siamese rosewood from Lao PDR to Vietnam declined dramatically from 26,400m³ in 2014 to around 3,000m³ in 2015. Despite this, in the five years from 2015 to 2020, Chinese imports of rosewood logs and sawnwood from Lao PDR were reported to value over $1.23 billion.

On September 13, 2021, an Order No. 849/MOIC was introduced prohibiting the import and exports of products according to international conventions, including CITES. This Order refers to the Ministry of Agriculture and Forestry (MAF) table 0008/MAF (11-1-2012), which contains a typology of wood types. As of the date of this publication, it is yet to be determined whether and how the Order is being enforced.

**Enforcement is improving but is still weak and lacks sufficient resourcing.**

Enforcement actions have reportedly intensified particularly over the last five years. Between 2015 and 2020, authorities identified more than 1,100 people involved in unlawful timber-related activities, including 127 state officials. In 2018, 45 cases related to illegal timber harvesting and trade (including one for bribery) were referred to the Office of the Public Prosecution–with 27 cases finalized by the courts.

In 2020, reports suggest that more than 2,600 cubic meters of illegally harvested wood and over 290 tons of illicit timber were seized and 1,636 wood processing plants were ordered to close.

Logistical and interagency coordination challenges persist though, particularly in rural areas in Lao PDR. Forest conservation (that is, the protected area system) is underfunded and largely donor supported. During the five year period from 2013 to 2018, only 7 percent of the Forest Department budget, or on average LAK 140 million per year ($16,000 per year), was financed by the government; the remainder came from donor projects. The average annual budget for protected areas is approximately $5,000 which leaves these areas exposed to encroachment and degradation. In addition, equipment is usually rudimentary, insufficient or poorly maintained. Many vehicles are privately owned with government support only for reimbursement of fuel.

MAF, in collaboration with the Ministry of National Defense and other relevant sectors, is expected to patrol and monitor high-risk areas including timber harvesting areas, timber transportation roads, log landings, log warehouses, sawmills, wood processing and furniture factories, other factories using timber as a main source of energy and other relevant locations. Multi-agency investigations are now more common and these are formalized under the Lao PDR Wildlife Enforcement Network (Lao-WEN) structures and allow for different agencies to take lead roles depending on the strength of evidence.

Chatham House reports that the penalties do not seem to be entirely proportionate and dissuasive. Illegal logging is punishable as per Articles 139 and 143 of the new Penal Code (No. 13/2017), enacted in 2018, which prescribes a punishment of three months to one year imprisonment and, in cases where substantial damage is caused, there is a penalty of one to five years’ imprisonment as well as the imposition of fines. However, since most timber comes from conversion areas with a high risk of illegality it would appear that the penalties are not sufficiently dissuasive to curb this. The Department of Forestry Inspection (DOFI), responsible for the enforcement of forestry related legislation, has received donor support and is establishing a centralized investigation and enforcement system to combat illegal forest-based trade.

A forest governance assessment for Lao PDR concluded that implementation and enforcement of the laws is challenging, and that there is little transparent and effective monitoring or evaluation. Forest stakeholders complained of insufficient staff, low skill levels and inadequate awareness of policies and processes. This is described as "the paradox of authoritarian rule and weak institutional capacity".
REPORTS & ADDITIONAL RESOURCES

A list of relevant reports and additional online tools to complement this country report are also available at the IDAT Risk website: https://www.forest-trends.org/fptf-idat-home/

Key Reading:


METHODOLOGY & TERMINOLOGY NOTES

a Risk scores reflect Preferred by Nature’s Timber Risk Assessment which measures the risk of illegality occurring in 21 areas of law relevant to timber legality, as well as Forest Trends’ national governance scores which provides an average relative governance and corruption risk score for 211 countries globally. Preferred by Nature’s scores have been flipped to ensure compatibility with Forest Trends’ national governance scores, where higher scores are associated with greater governance and corruption challenges. An average of both the Preferred by Nature and Forest Trends scores has been calculated for 66 countries where both are available as of 2021. For all other countries, the risk score reflects Forest Trends’ national governance scores. Countries scoring less than 25 are considered “Lower Risk,” countries scoring between 25 and 50 are “Medium Risk” and countries scoring above 50 are “Higher Risk.” It is important to note that it is possible to source illegal wood from a well-governed, “Lower Risk” state and it is also possible to source legal wood from a “Higher Risk” country. As such, the risk scores can only give an indication of the likely level of illegal logging in a country and ultimately speaks to the risk that corruption and poor governance undermines rule of law in the forest sector.

b The term “forest products” is used to refer to timber products (including furniture) plus pulp and paper. It covers products classified in the Combined Nomenclature under Chapters 44, 47, 48 and furniture products under Chapter 94. While the term “forest products” is often used more broadly to cover non-timber and non-wood products such as mushrooms, botanicals, and wildlife, “forest products” is used to refer to timber products plus pulp and paper in this dashboard.

c Except where otherwise specified, all trade statistics and chart data data is sourced from globally reported data to UN Comtrade, compiled and analyzed by Forest Trends.

d Regulated markets reflect countries and jurisdictions that have developed operational measures to restrict the import of illegal timber. As of 2021, this included the U.S., Member States of the European Union (as well as the United Kingdom, Iceland, Liechtenstein, Norway and Switzerland), Australia, Canada, Colombia, Indonesia, Japan, Malaysia, South Korea and Vietnam. Some measures are more comprehensive in scope, implementation, and enforcement than others.

e There remains uncertainty as to the scope of these restrictions, as WWF suggests that from 1999-2002, all unprocessed timber was banned from export (including logs and sawnwood sourced from plantations). EIA’s 2011 Crossroads report similarly doesn’t suggest a distinction between natural and plantation timber to Lao PDR’s export restrictions through 2007. However, Preferred by Nature suggests that these bans applied only to timber from natural forests, and that “domestic processing of wood from plantations is also encouraged, but such wood may be exported as logs or sawn wood if it cannot be processed domestically.” Similarly, the legal text of one such restriction (Prime Minister’s Order on Forestry Management Policy for the year 2002-2003) states “logs and sawn timbers from industrial plantations will be considered on a case-by-case basis” – suggesting the potential legal export of these products. An academic study by Dr. Phengospha provides a potential explanation, suggesting that the Lao PDF government began allowing plantation-based products to be exported as of 2002.

While most sources report that semi-finished products were banned as of 2007, one academic journal noted that this ban may have started in 2004. See Phengospha, “How Lao Forest Industry Is Managed?”

Notice No. 790/GO, further reiterated in Notice No. 1360 and an Implementing Instruction (No. 1812 MOIC 2015) which reiterated export procedures for plantation wood.

PMO15 applied to plantation timber as well as timber from natural forests. Soon after its issuance, the Ministry of Industry and Commerce (MOIC) issued a list of products permitted for export, which was revised several times in quick succession. The most recent version of this list was issued on October 14, 2021 (No. 0851/MOIC) and has not yet been translated from Lao. PMO15 remains in force, but the product scope is complex and, therefore, it is not a blanket prohibition.

The State assigns rights to use degraded forest lands or defoliated lands to individuals and organizations according to their labor and financial capacity to plant and rehabilitate forests for individuals the area shall not exceed three hectares for each laborer in a family.

All references to “EU + EFTA” signify the 27 Member States of the European Union (as of 2021), as well as the United Kingdom, Iceland, Liechtenstein, Norway and Switzerland.

This legal framework may soon change. In response to the 2019 Forest Law, the Department of Forestry is currently drafting legislation (as of October 2021) to clarify the rights of villages and customary users, and issue land use rights on this basis. The 2019 Land Law also recognizes customary use based on land occupation or development that predates the making of that law by 20 years.

In October 2021, the GoL issued PM/07, which serves in part to clarify these mandates between MPI and MAF.

For Siamese rosewood, these export obligations apply to Thailand, Lao PDR, Cambodia and Vietnam – all of which have experienced rampant illegal exports in recent years.

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