

# **“The Overview of FLEGT in Vietnam and management orientation on forest products processing by 2020**

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# Content

- Forest area and forestry policy implementation
- Law violation, challenges and opportunities of FLEG in Vietnam
- Management orientation on forest products processing
- Supports and Steps forwards VPA

# Forest area legal framework

- Total forestry land of Vietnam is 12.616.699 ha  
Forest Cover is 38% by the end of 2006 as opposed to 26% in 1994.
- Forestland is an important resource of the 24 mil upland people.
- FLA has been implemented since 1994 to HH, individuals and organizations for long-term and stable uses in order to improve their lives, promote forest protection and development.

# Result of forest policy implementation

- Encourage HHs to exploit and utilize appropriately forest resources and to protect and restore the degrading forest.
- Contribute to hunger eradication and poverty reduction and to reduce shifting cultivation
- Develop production forest and proceed to the well-being with forest economy.
- In short:
  - lives of people improved;
  - weariness on the role of forest improved;
  - forest cover increased;
  - resettlement increased; and
  - forest is sustainably managed

# Some constraints

- Policy implementation at local level is still ineffective due to:
  - Lack of capacity of local authorities in implementation process
  - Overlapping in management and implementation between DARDs and DONREs upon mapping system criteria;
  - demarcation is difficult on the ground; and
  - land disputes and uses increased.
- Forest management and protection, especially forest & forest land allocation subject to regulation of 2 laws: land law regulating land allocation; Forest protection and development law regulating forest allocation. Resulting in inconsistent policies and difficult for the implementation

# Constraints (cont'd.)

- Lack of mechanism for monitoring and evaluation of policy implementation
- Benefit sharing on forest allocation and contract is not explicit
- Capacity of forest owners regarding forest management and protection is insufficient
- Forest protection forces in general and forest wardens in particular could not control the situation in some areas
- Gaps between national and customary laws
- Role of non-state sector is less attention
- Local people have poor access to legal information
- Missing policy on PES

# The current status of law violations

- The most serious violation is the forest fire for shifting cultivation, caused by the ethnic groups that have the habit of free migration
- Illegal trade of forestry products were conducted mostly by rich people
- The punishments of violations related forest burning were not strict so the people consider forest burning as normal activity.
- The law violations in forest protection and management are very popular with characterized with complicated facts and elements.
- The forest resources are over exploited, the new forest plantations cannot catch up with the intensive illegal logging and destruction

# Challenges of FLEG in Vietnam

- Too much state control over forest resources and poor compensation for local people
- Inadequate attention to indigenous knowledge
- Migrants as additional appropriators of the resources
- Unclear benefit sharing mechanism for allocated forest
- Improper implementation of state policies
- Upward accountability of (local) state officials



# Opportunities for FLEGT in Vietnam

- Inherit the precious experiences and lessons from other countries
- Many supports from outside (International Aid) for FLEGT process
- Promotion of meaningful devolution of forest management to ethnic villages
- Promotion of community forest management (CFM)
- Development of a pro-poor approach in forestry
- Promotion of understanding and recognition of local land tenure system among state officials

# Management orientation on forest products processing by 2020

## Processing Situation in Vietnam

- ✓ Wood processing sector important, in particular outdoor furniture for export
- ✓ Ambitious expansion plans
- ✓ Currently based to large extent on timber imports
- ✓ Plans to decrease dependence on timber imports
- ✓ Increased efforts for law enforcement

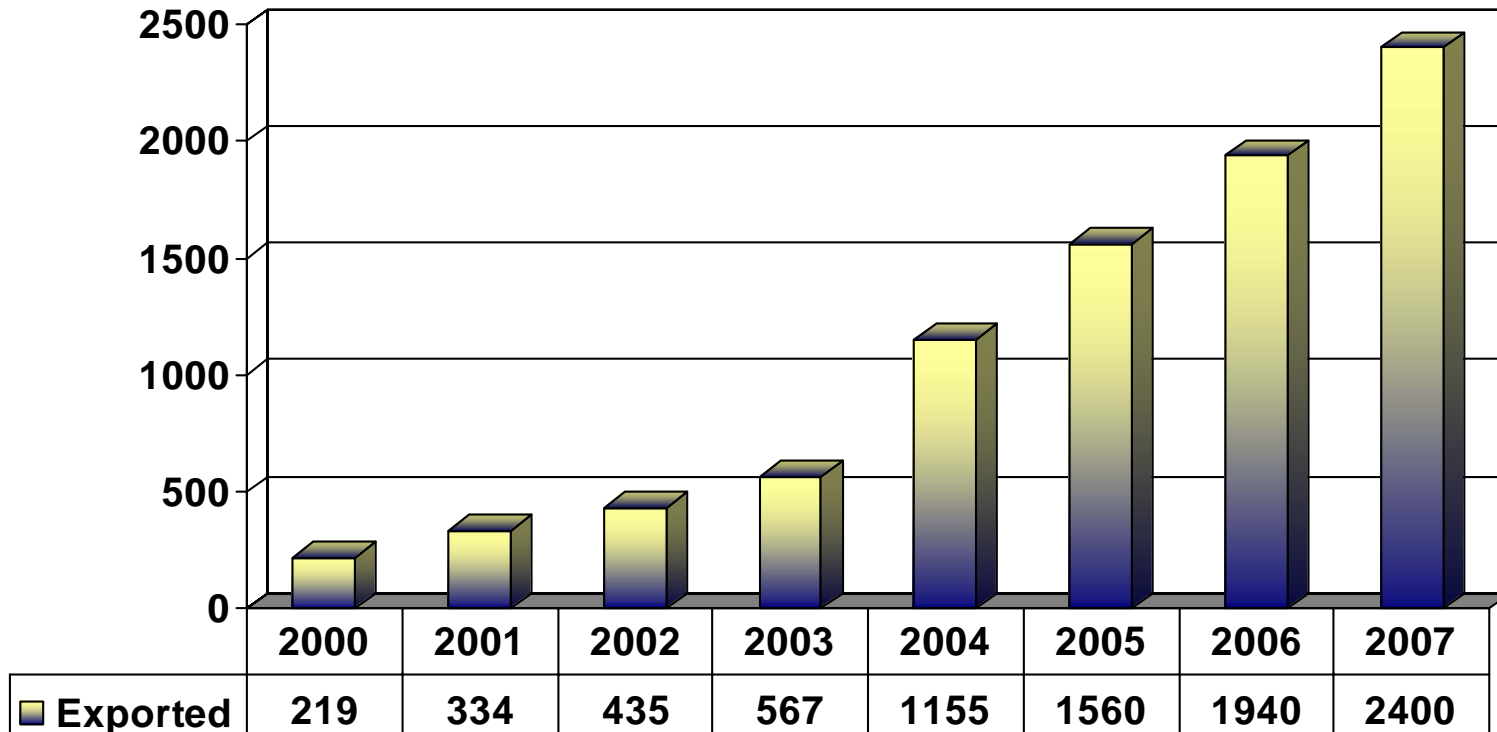
# Vietnam Furniture Status

- 1600 Wood & furniture factories export to 120 countries.
- Factories distribution:
  - Concentrated in HCMC, Binh Duong, Dong Nai, Binh Dinh, Daklak, & Quang Nam – Da Nang.
  - 10% in Northern VN.
- Foreign investment:
  - 200 FDI Companies contribute 56% to the furniture export.

*Source: Vietnamese – German Forestry Programme*

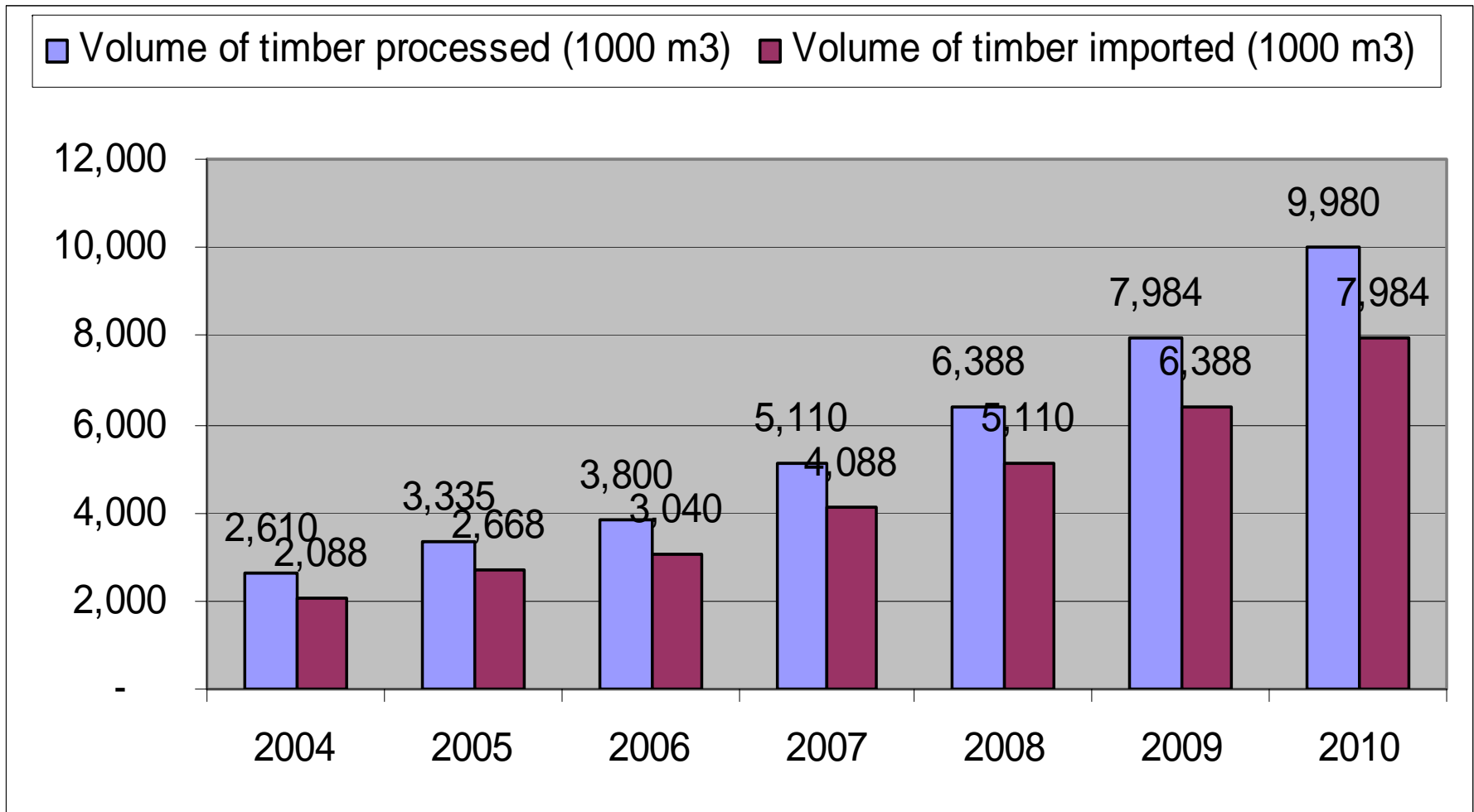
# Furniture export from Vietnam

Value: Million dollars



Source: VN's handicraft & furniture news

# Vietnam timber processing and import



Source: VN's handicraft & furniture news

## **Orientation development of timber & forest products processing by 2020** – *National Strategy for Forestry Development by 2020*

- Competitive & sustainable timber and wood products to basically meet domestic and export demands;
- Forest production value growth speed will be 4 - 5%/year, by 2020, forestry GDP will contribute to 2 - 3% of the national GDP.
- Fire-wood exploitation used in rural area is at the level of 25 - 26 million m<sup>3</sup>/year;
- Forest products export obtains over 7.8 billion USD (incl. 7 bil.USD of timber products and 0.8 bil.USD of NTFP);
- Processing industry & forest products trade have to be the economic driving force of the forestry sector
- Focus on quality development via innovative managerial mechanism, reform of state owned enterprises and encouragement of private participation so as to create more transparent and fair-play markets

## **Orientation development of timber & forest products processing by 2020 (Cont.)**

- Focus on development of high competitive products as indoor and outdoor furniture, handicraft and NTFP products (bamboo, rattan).
- From now to 2015, focus on revision, improvement and upgrading small and medium processing enterprises; develop large-scale after 2015
- Establish and extend forest products processing industry to other regions that have potentiality for supplying stable and sufficient inputs, to ensure benefit generation and competitiveness on international markets.
- Develop and modernize small-scale processing enterprises & traditional handicraft villages at rural areas so as contribute to the diversification of agricultural and rural economic
- Encourage establishment of production and processing units involved in plantation timber & NTFP production.

## **Forest products import – export orientation**

- To be in line with the international integration trend, forest products processing industry shall develop towards the direction of inputs based self-sufficient.
- It is important to properly organize import of forest materials and at the same time to strengthen plantation of large wood and NTFP species in order to gradually satisfy materials for processing and reduce dependence on imported materials while increasing added value of the processed products.
- Key export products are indoor and outdoor furniture, handicrafts and NTFP refinery products. Due attention should be paid on large markets as US, EC and Japan.
- Diversification and constantly increasing quality, products label to meet the taste of both national and international clients. Enhance establishment of trade mark and certification for export products



# Supports and Steps forwards VPA

## 1. EC/WB FLEG work in Vietnam

- Survey of customs import data (VIFORES)
- Survey of perceptions of forest crime across judiciary and police
- National FLEG assessment (ongoing)
- Wood processing survey (ongoing)
- **Enforcement training**
  - forest crime investigation training
  - case tracking & intelligence database development
  - inter-agency cooperation
- Customs and FPD study tour
- GIS/spatial technologies video-conference seminars

## 2. EC/IUCN Forest governance project

I. Conducted the assessment of forest governance barriers influencing sustainable and equitable forest management

II. FLEGT briefing session

Raise awareness of the relevant government officials about FLEG in general and EU's FLEGT action plan.

III. Vietnam – EC Roundtable meeting on market demands for legal and sustainable wood products

About 60 participants from:

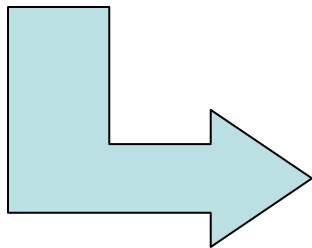
- Vietnamese government agencies
- National and international forest product companies
- Certification bodies
- NGOs and donor programmes

## **Contents:**

- Background to Vietnam's forest sector and major forest governance-related initiatives (FLEG, FLEGT)
- Changing market trends and the industry response
- Linking responsible producers with markets
- Demonstrating the legality and sustainability of timber

# Voluntary Partnership Agreements' Issues

- Actual costs of preparation, negotiation and implementation unclear
  - will vary between countries
- Not only for producer countries
  - can be adapted for processing countries
- Not only for timber, sawn wood, plywood, veneer
  - product range up to partner countries based on potential benefits
- Time frame for negotiations
  - 'new' countries can learn from experience of ongoing negotiations



Is very important step of the process  
Vietnam needs support from EC to  
develop FLEG roadmap