



Overview on Vietnam's forestry sector and trade in timber and timber products



The rapid growth and development of the forestry sector in recent years has contributed to Viet Nam's international economic integration and international sectoral cooperation. After more than 30 years of restructuring, Viet Nam's forestry has gradually transformed from mainly state-owned entities to a diverse and strong economic sector. In 2021, the export turnover is 14.12 billion USD, increasing sharply 10 times after 10 years.



Vietnam's forestry sector

In 2020, the area of Vietnam under forest cover is 14.67 million hectares, equivalent to 42% of the total land area. Of this, natural and plantation forest accounts for 70% and 30% respectively.¹ In terms of forest use, more than half of the forested area is categorized as Production Forest and the rest is under varying type of protection, i.e. one third is Protection Forest and rest so-called Special Use Forest which includes national parks and other protected areas. Most of the planted forest (84%) falls under the category production forest.

Currently there 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.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.

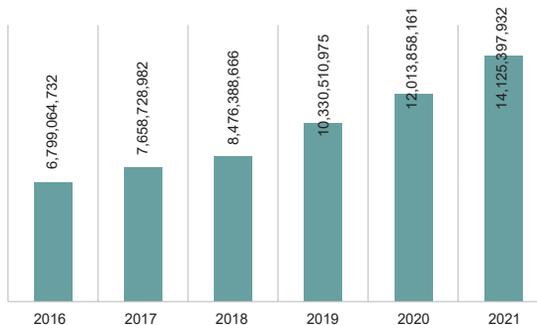
In 2014 a logging ban on harvesting timber from natural forests was issued by the government of Vietnam. It was further strengthened in 2017 with restrictions on the conversion of natural forest to other land uses in addition to the logging ban. Domestic timber production thus comes predominantly from other forest categories and land categories including concentrated timber plantations, home gardens, scattered trees and rubber wood.³

There are currently over 5,500 timber and forest product processing and trading enterprises in Vietnam, 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.

Vietnam's trade in timber and timber products

Vietnam's timber sector is export-driven. The sector has been dynamics and expanding. At present, Vietnam is the second largest country in Asia (after China) and the fifth largest in the world in terms of timber export value.

Figure 1. Vietnam's timber export value, 2016 – 2021 (USD)



Source: VIFOREST, FPA Bình Định, HAWA, BIFA and Forest Trends based on Vietnam's Customs data

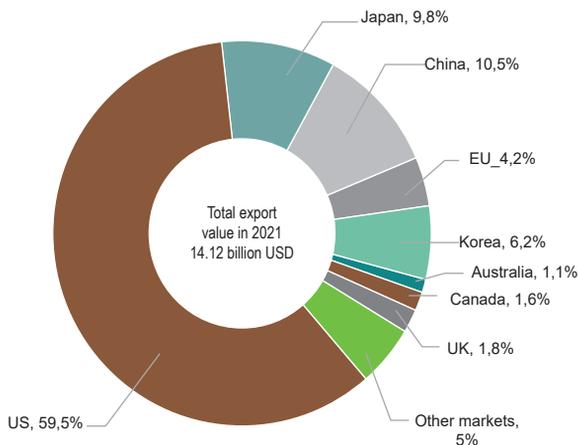
¹ Decision No. 1558/2021/QĐ-BNN-TCLN

² Decision No. 1558/2021/QĐ-BNN-TCLN

³ Viet Nam Administration of Forestry

The US, Japan, China, Korea and the EU are the most important market for Vietnam. In 2021 Vietnam's timber value derived from these five markets together accounted for over 90% of the country's total export value. Exports have been growing at 15-20% per annum.

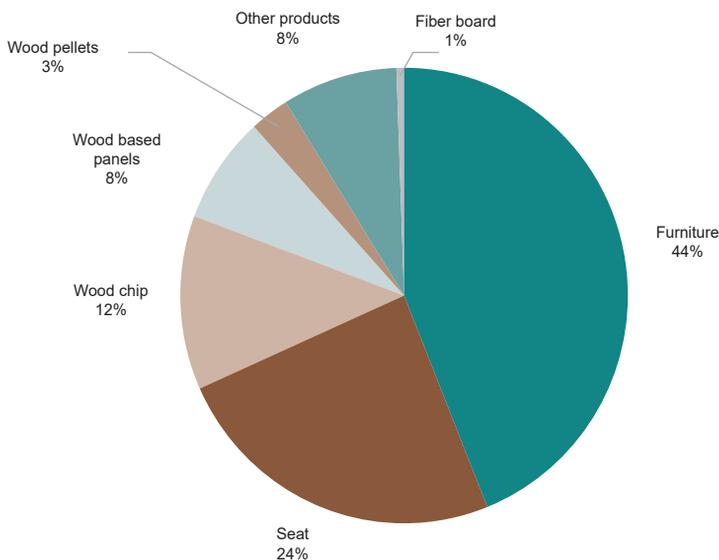
Figure 2. Viet Nam's major export markets of timber products in 2021



Source: VIFOREST, FPA Binh Dinh, HAWA, BIFA and Forest Trends based on Vietnam's Customs data

Furniture, seats, wood chip and wood-based panels are Vietnam's major export products. In 2021 among these products, furniture stands out, accounting for 44% of Vietnam's total export value, followed by seat (24%), wood chip (12%) and wood-based panels (8%).

Figure 3. Proportion of major timber products exported from Vietnam to all markets in 2021



Source: VIFOREST, FPA Binh Dinh, HAWA, BIFA and Forest Trends based on Vietnam's Customs data

Comparing the export volume and value of Vietnam timber products between 2020 and 2021 shows that all products experienced a rapid expansion, with veneer, wood-based panels and seats growing the fastest.

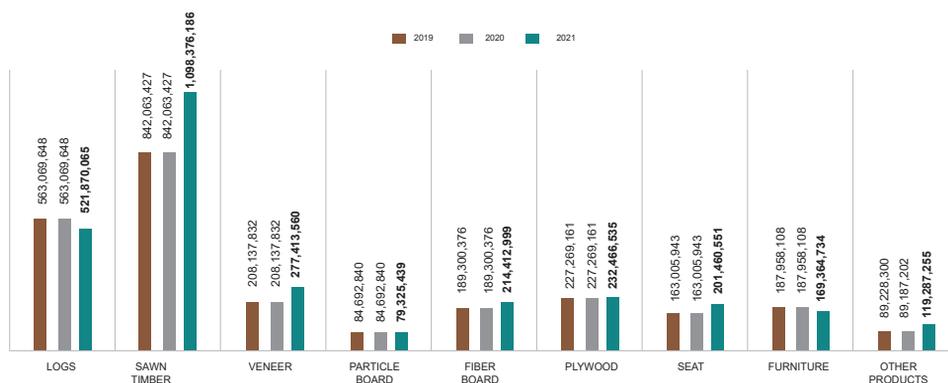
Table 1. Vietnam's exports of major timber products, 2020-2021

Product	Unit	2020	2021	2021/2020 (%)
Wood chip	Ton	11.607.583	13.609.338	17.2%
	USD	1.487.925.901	1.737.118.384	16.7%
Wood pellets	Ton	3.207.472	3.503.698	9.2%
	USD	352.037.059	412.982.398	17.3%
Veneer	Ton	744.433	2.031.482	172.9%
	USD	88.715.429	217.561.664	145.2%
Particle board	Ton	39.769	48.830	22.8%
	USD	9.500.938	10.400.535	9.5%
Fiber board	Ton	111.122	131.216	18.1%
	USD	45.748.652	71.768.791	56.9%
Plywood	Ton	2.096.006	2.888.015	37.8%
	USD	719.411.147	1.082.693.142	50.5%
Seat	USD	2.670.866.667	3.473.919.678	30.1%
Furniture	USD	5.879.158.325	6.239.814.114	6.1%
Other products	USD	767.517.100	879.139.228	15.6%
Total		12.013.858.161	14.125.397.932	17.6%

Source: VIFOREST, FPA Binh Định, HAWA, BIFA and Forest Trends based on Vietnam's Customs data

Vietnam has an active logging ban on natural forest. While Vietnam's domestic plantation is large and increasing, timber from this source, mounting to over 21.5 million m³ in 2021 according to the Ministry of Agriculture and Rural Development (MARD) is small and mainly used for wood chips and wood pellets destined for export markets. Though rubberwood and scattered trees (totaling 9 million m³ in 2021 according to MARD) are important, timber from this sources, alongside domestic plantation timber, does not suffice to the feed the expanding industry. Consequently, Vietnam has to rely on timber imports with logs and sawn timber are major imported products, amounting for 5-6 million m³ Round Wood Equivalent (RWE) each year. Imports of logs and sawn timber have been vital for the industry development.

Figure 4. Vietnam's imports of timber and timber products, 2019 – 2021 (USD)



Source: VIFOREST, FPA Binh Định, HAWA, BIFA and Forest Trends based on Vietnam's Customs data

Logs and sawn timber are the most important products imported, together accounted for 56% of the Vietnam's total timber imports in 2021. In 2021, Vietnam spent almost 522 million USD for logs and 1.1 billion USD for sawn timber imports. Import of logs have been relatively unchanged, imports of sawn timber have been expanding vigorously.

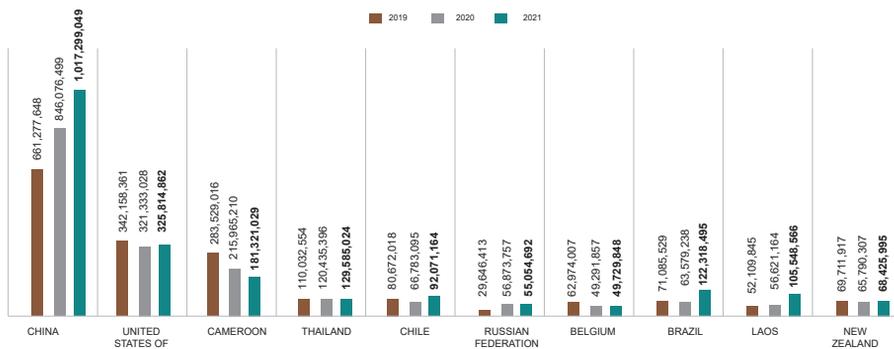
Table 2. Vietnam's imports of major timber products, 2019-2021 (m3)

Product	2019	2020	2020	2021
Logs (m3)	2,322,167	2,019,902	2,019,902	1,930,398
Sawn timber (m3)	2,576,963	2,541,569	2,541,569	2,782,007
Veneer (m3)	216,825	275,979	275,979	306,159
Particle board (m3)	376,040	434,719	434,719	361,784
Fiber board (m3)	690,850	744,665	744,665	823,305
Plywood (m3)	518,756	604,283	604,283	548,680

Source: VIFOREST, FPA Binh Định, HAWA, BIFA and Forest Trends based on Viet Nam's Customs data

China is Vietnam's most important market, accounting for over one third of the Vietnam's total import value. Imports from China into Vietnam have been surging. Imports from Brazil, Thailand, Russia and Laos have been expanding. Imports from the US are large and consistent, and so as imports from New Zealand.

Figure 5. Viet Nam's major import markets, 2019-2021 (USD)

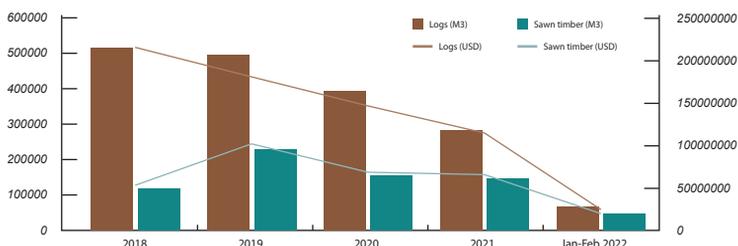


Source: VIFOREST, FPA Binh Định, HAWA, BIFA and Forest Trends based on Vietnam's Customs data

Deep dive: Vietnam's timber imports from Cameroon

Cameroon is one of Vietnam's most important log and sawn timber supply sources. Annually, Cameroon supplies approximately 300,000 – 400,000 m3 of logs (150-200 Mio USD) and 100,000 – 200,000 m3 of sawn timber to Vietnam, mainly precious species. From 2018 to February 2022 log and sawn timber imports from Cameroon have been reducing.

Figure 6: Viet Nam's imports of logs from Cameroon, 2018-Feb 2022



Source: VIFOREST, FPA Binh Định, HAWA, BIFA and Forest Trends based on Viet Nam's Customs data

Table 3. Major log species imported into Vietnam from Cameroon in 2021

Vietnamese name	Scientific name	M3
Lim	Erythrophleum ivorense	210,864
Xoan	Entandrophrag spp.	47,379
Gỗ	Afzelia spp.	49,217
Sến	Madhuca pasquieri	38,948
Hương	Pterocarpus spp	14,003
Eyeck	NA*	10,790
Giổi	Manglietia fordiana	6,174
Gụ	Sindora tonkinensis	4,277
Cắm	Delbergia spp.	1,165

Source: VIFOREST, FPA Bình Định, HAWA, BIFA and Forest Trends based on Viet Nam's Customs data
 *: Scientific name unidentified

Table 4. Major species of sawn timber imported into Viet Nam from Cameroon in 2021 (m3)

Vietnamese name	Scientific name	M3
Lim	Erythrophleum ivorense	88,740
Gỗ	Afzelia spp.	43,084
Hương	Pterocarpus spp	12,816
Giổi	Manglietia fordiana	4,390
Dầu	Baccaurea sapida	2,093

Source: VIFOREST, FPA Bình Định, HAWA, BIFA and Forest Trends based on Vietnam's Customs data

Deep dive: Vietnam's timber imports from Laos

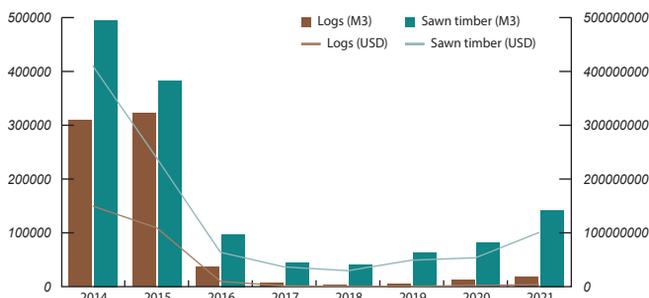
Laos used to be Vietnam's most important timber source. At its peak (2014-2015) the import reached one million m3 round wood equivalent (RWE) per year. In 2016 the Lao government introduced an export ban on unprocessed timber. Since then, imports have dropped significantly. By 2021 the import was minimal.

Most of the log species currently imported into Vietnam are from plantation timber. Among those species, teak was the most important, accounting for over 90% of the total volume of log imports from this source in 2021.

Imports of sawn timber from Laos are larger than that of logs and have been expanding since 2019. The imports in 2021 were substantial.

Majority of sawn timber imports were natural species.

Figure 7: Vietnam's log imports from Laos, 2014 - 2021



Source: VIFOREST, FPA Bình Định, HAWA, BIFA and Forest Trends based on Vietnam's Customs data

Table 5. Some log species imported into Viet Nam from Laos, 2019 – 2021 (m3)

Species	2019	2020	2021
Acacia	4,424	1,918	404
Padauk (Pterocarpus spp.)	50	19	188
Pine	27	0	336
Pyinkado (Xylia xylocarpa)	0	13	89
Teak	0	10,767	16,078

Source: VIFOREST, FPA Bình Định, HAWA, BIFA and Forest Trends based on Vietnam's Customs data

Table 6. Major sawn timber species imported into Vietnam from Laos in 2021 (m3)

Vietnamese name	Scientific name	2019	2020	2021
huong	Padauk (Pterocarpus spp.)	21,807	16,524	35,714
gỗ lau	Pachyloba (Afzelia spp)	17,641	29,978	35,908
giá ty	Tectona Grandis	4,711	4,383	4,485
giổi	Manglietia fordiana	2,262	4,959	7,998
căm xe	Pyinkado (Xylia xylocarpa)	3,931	7,815	18,414
bằng lăng	Lagerstroemia speciosa	2,036	5,873	10,910
sa mu	Cunninghamia lanceolata	261	240	496
cà te/gỗ đỏ	Afzelia spp.	1,263	390	3,905
lim	Erythrophleum fordii	3,406	990	5,999
pơ mu	Fokienia hodginsii	112	298	2,536
mun	Diospyros spp.	392	128	1,356

Source: VIFOREST, FPA Bình Định, HAWA, BIFA and Forest Trends based on Vietnam's Customs data

Vietnam's Timber Legality Assurance System

Viet Nam's Timber Legality Assurance System aims to ensure that only legally harvested and transported timber is imported into the country. A risk-based verification approach includes aspects such as due diligence, self-declaration and additional documentation requirements has been introduced with the Decree No. 102/2020/ND-CP on Viet Nam Timber Legality Assurance System. Many elements are new to verification agencies and importers, so enhance efforts are undertaken for capacity development, developing handbooks and guidelines as well as summarizing lessons learnt it is expected that it will take some time for them to become familiar with the legal obligations and procedures.

Since 2021 priority has been given to develop information and advisory services for importers. This includes awareness raising and capacity building on the methods of due diligence. This approach requires importers to have access to up-to-date information on the timber legality regulations that apply in the source countries exporting timber to Viet Nam. Closer exchange with timber harvesting countries could allow for regular update on legality frameworks governing the entire supply chains in the production countries (e.g. timber concession, harvesting, and trade). The collaboration could inform the work of the Vietnamese government including competent authorities. Regular information exchange. The information includes timber trade data between Vietnam and Cameroon and between Vietnam and Laos. The collaboration is also useful to develop joint activities to ensure the legality of the trade.

In addition, business-to-business exchanges also have the potentials in generating insights from local level practices by private sector from both supply and demand sides. These insights are important for policy making processes.

Deep dive: requirements for 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.

Annex 1. Viet Nam's import values from major markets, 2019 – 2021 (USD)

Country	2019	2020	2020	2021
China	661,277,648	846,076,499	846,076,499	1,017,299,049
United States of America	342,158,361	321,333,028	321,333,028	325,814,862
Cameroon	283,529,016	215,965,210	215,965,210	181,321,029
Thailand	110,032,554	120,435,396	120,435,396	129,585,024
Chile	80,672,018	66,783,095	66,783,095	92,071,164
Russian Federation	29,646,413	56,873,757	56,873,757	55,054,692
Belgium	62,974,007	49,291,857	49,291,857	49,729,848
Brazil	71,085,529	63,579,238	63,579,238	122,318,495
Laos	52,109,845	56,621,164	56,621,164	105,548,566
New Zealand	69,711,917	65,790,307	65,790,307	68,425,995
Malaysia	71,108,390	52,466,925	52,466,925	64,385,934
Germany	46,983,715	35,036,975	35,036,975	41,542,372
Papua New Guinea	43,138,692	39,496,291	39,496,291	26,703,156
Netherlands	31,804,110	25,698,928	25,698,928	18,672,111
Nigeria	33,684,656	30,402,259	30,402,259	30,615,492
Gabon	39,844,088	22,476,979	22,476,979	23,044,264
Cambodia	32,589,297	8,126,569	8,126,569	10,825,004
Other	487,128,181	478,271,157	478,271,157	551,020,266
Total import	2,549,478,435	2,554,725,635	2,554,725,635	2,913,977,324