TRAINING MANUAL

VPA/FLEGT AGREEMENT

TIMBER SUPPLY CHAIN CONTROL AND TIMBER IDENTIFICATION

FOR FOREST RANGERS AND CUSTOMS OFFICERS

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DISCLAIMER

Ha Noi, October 2021

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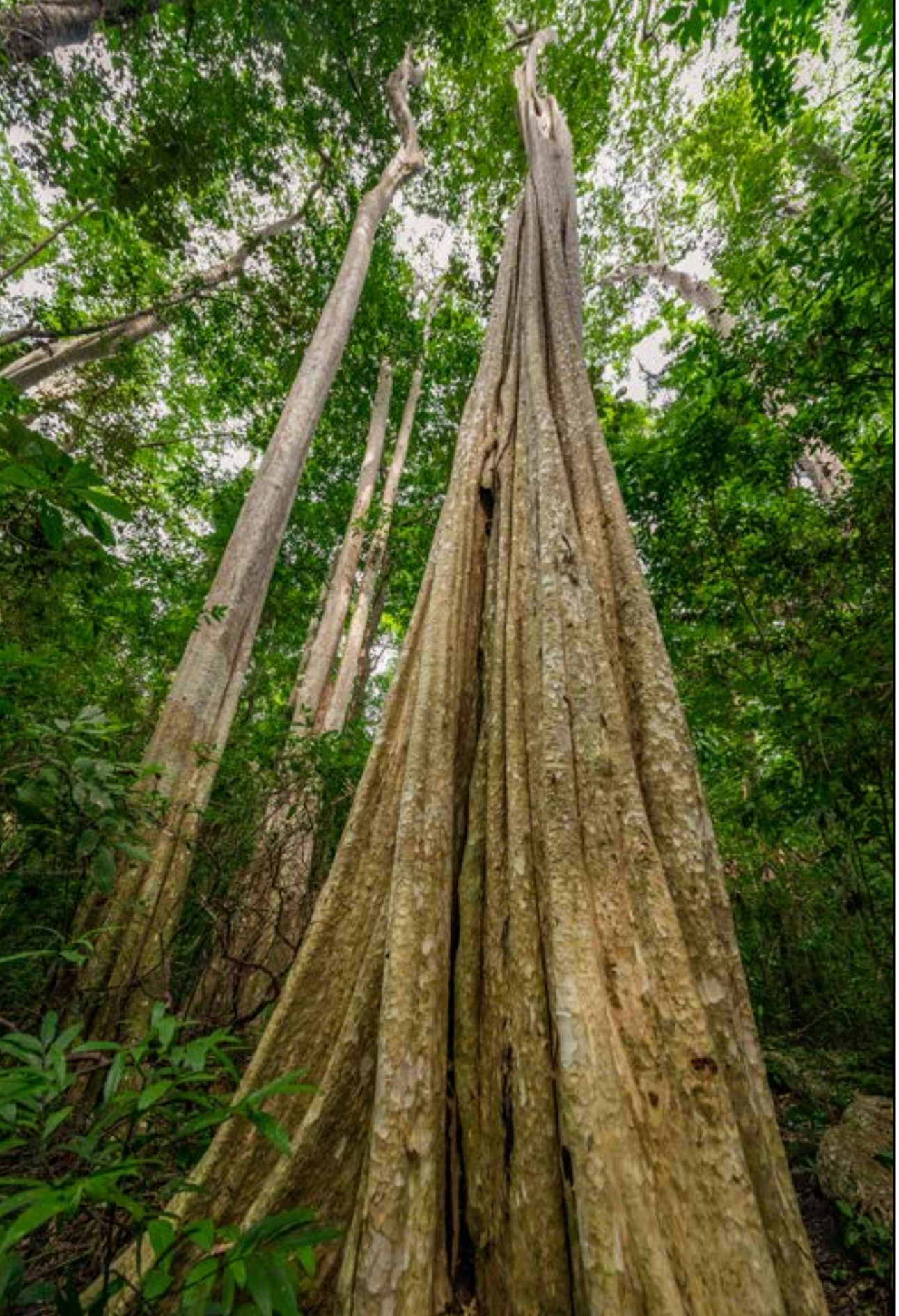

1

OVERVIEW ON THE VOLUNTARY PARTNERSHIP AGREEMENT ON FOREST LAW ENFORCEMENT, GOVERNANCE AND TRADE (VPA-FLEGT) BETWEEN VIET NAM AND THE EU AND THE VIET NAM TIMBER LEGALITY ASSURANCE SYSTEM

1.1. OVERVIEW ON THE TIMBER TRADE OF THE WORLD AND VIET NAM

1.1.1. Overview on the global timber trade

Recent studies [4] [5] have shown that changes are taking place in the global forest product market as a result of the combined effects of the following factors:

I. Global competitive advantage in the production of forest products has changed due to large investment in the fast-growing markets in Asia and low-cost production regions such as South America. In emerging economies, domestic suppliers have been increasing production rapidly to meet growing demand in the domestic market (e.g., China, Brazil, and India). Investment in production from developed economies into developing countries, i.e., global production shift, is still growing;

II. Diminishing demand for some forest products in many OECD countries;

III. A prolonged economic recession and its impact on the structure of forest industry products; and

IV. Emerging bioeconomy, new products and services are expected to provide new opportunities and diversification of forest-based industries. Given these trends, forest-based industries may be in a phase of change whereby some economic activities or sectors will decline and eventually disappear. At the same time, new technology, products, and business models are emerging.

a) International timber trade

According to research of Global Market Insights [6], the international trade in timber products is increasing with the annual growth rate of 5,4% per year, reaching nearly 545.78 billion USD in 2020. The geographical change of production locations worldwide, the global outsourcing strategies of both manufacturing and retail companies, and the international segmentation of production are moving manufacturers away from companies' headquarters to countries where the costs of labour, resources and other inputs are more attractive.

Based on production and trade data from FAOSTAT, the value of global forest products is estimated to have exceeded USD 800 billion in 2014. The world demand for round wood, sawn wood and artificial boards is increasing. For example, the volume of imported round wood increased from 128.18 million m³ in 2015 to 144.365 million m³ in 2019 and the import of artificial boards increased from 77.595 million m³ in 2015 to 88.860 million m³ in 2019. Exports of round wood and artificial boards are also increasing. The export volume of logs increased from 123.583 million m³ in 2015 to 138.062 million m³ in 2019 and the export of artificial boards increased from 80.424 million m³ in 2015 to 87.715 million m³ in 2019 [3].

According to ITTO report [2], there was 1,942 million m³ round wood, 484 million m³ sawn wood and 156 million m³ plywood in 2018 worldwide (see Table 1). Indonesia is the world's largest producing country of tropical round wood with an output of nearly 74 million m³, followed by India at 33.3 million m³ and Brazil at 29.2 million m³ while Viet Nam with about ranked 4th in the world 25.7 million m³ (see Figure 1). On the other hand, in term of development level, Asia- Pacific, Europe and North America account for most of the world's production of wood pellets, of which Europe and North America account for 58% and 32% respectively. Whereas, Asia market has also experienced growth in demand for wood pellets in recent years, with a growth rate of up to 17% per year [4].

Unit: million m³

	Log	Sawn wood	Plywood
Production	1,942.1	484.4	156
Export	140	154.9	29.5
Import	143	151.1	28.5

Table 1: Timber production, export and import of the world in 2018
(Source: [2])

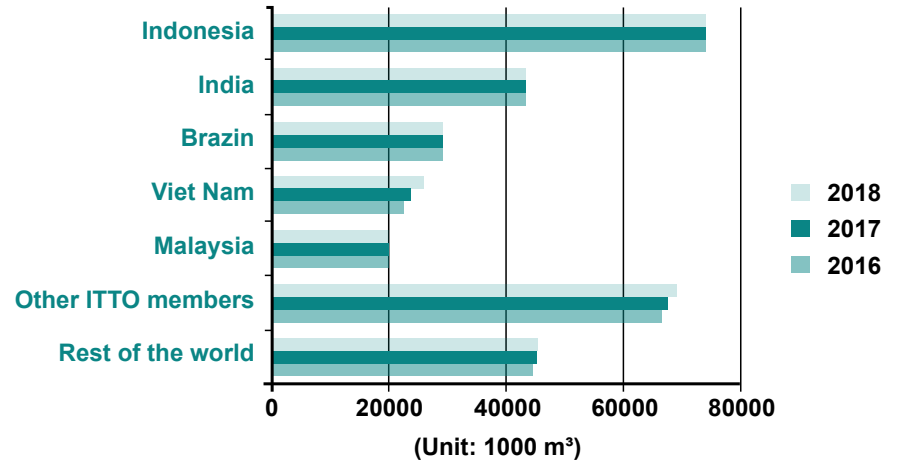

Figure 1: Major tropical round wood producing countries in the world 2016-2018
(Source: [2])

A significant change in the furniture industry over the past decade was the opening of markets. This is due to many factors, such as tariff reductions, the international expansion of retail systems, entry into emerging markets, establishment of partnerships between large-scale distributors and foreign suppliers, and improvements in infrastructure and logistics (especially in emerging countries). New-generation free trade agreements aim to create an open, favourable and transparent business environment for businesses in the fields of trade, import and export, services, and investment of timber product manufacturing.

b) Potentials and trends of the international timber trade

Some studies suggest that the growth of the timber industry will be maintained in the near future thanks to the development of the global economy and the demand for renewable energy. Consequently, sales of some timber products will be higher due to market demand. Timber products used in interior design and manufacturing, and industrial wood, such as chipboard and artificial wood planks, are in the highest demand due to their convenience and ease of shaping and use. Therefore, the potential growth of the industry in general and timber processing and export in particular is huge in the coming years. However, even a small change in the market share of a large market,

such as China or India, can lead to a significant increase in the demand for timber products. The world's demand for furniture and wood pellet will continue to increase in the coming years.

According to Global Market Insight's research [6], the international timber trade is expected to rise to 785 bi. USD in 2027. The Asian-Pacific countries will account for nearly 50% of the timber market. Timber items that tend to increase sharply in the near future are office furniture and kitchen. According to another report by Statista [7], the five biggest furniture exporters in the world in 2019 are: China (63.8 bi. USD), Poland (13.2 bi. USD), Germany (13.1 bi. USD), Italy (11.3 bi. USD), Viet Nam (8.9 bi. USD), while the five biggest importers of furniture in 2019 are: the US, Germany, the UK, France and Japan.

The above discussion shows that the global trade in round timber, sawn wood and artificial boards is very large and will increase in the near future. This is also an opportunity for Viet Nam because it is importing round timber, sawn wood, and artificial timber boards as raw materials for use by domestic timber product manufacturers. Many countries with the potential to produce round timber, sawn wood and artificial boards are in low-risk geographical regions, such as North America and Europe. Viet Nam timber importers need to redirect their timber imports to low-risk countries. However, many countries supplying timber materials have policies to restrict and manage their harvest and export. Public and government awareness on environmental protection in these countries is increasing, which causes many countries to promulgate regulations on the traceability of legal timber from natural forests. This also leads to challenges in importing timber materials, including challenges for Viet Nam.

1.1.2. Overview of timber trade in Viet Nam

a) Export of timber and timber products

The value of Viet Nam's timber and timber product exports from 2011-2020 increased rapidly, from USD 4.31 billion in 2011 to USD 11.31 billion in 2019. In 2020, this figure reached USD 12.37 billion, an increase of 11.5% compared to 2019 (see Figure 2), making timber and timber products one of the country's 10 key export goods. Viet Nam's forest product export value continues to rank first in ASEAN, second in Asia and fifth in the world. The forest product trade surplus in 2020 reached nearly USD 10 billion – the highest ever. Timber and timber products from Viet Nam continue to be present in 140 countries and territories.

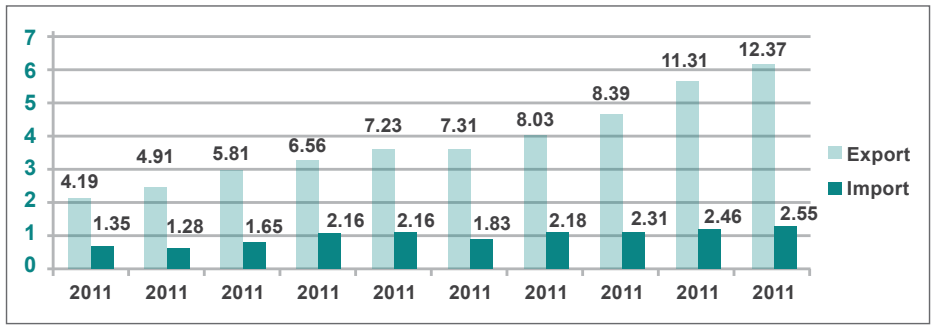

Figure 2: Import and export value of forest products from 2011-2020
Unit: billion USD (Source: [11], [14])

For many years, timber trade between Viet Nam and the EU has accounted for about 12%-15% of the total export turnover of timber and timber products, averaging 650 – 700 mi. USD per year. The Viet Nam - EU Free Trade Agreement (EVFTA) will have a positive impact on Viet Nam's timber industry and expand its export market. Up to now, timber is mainly exported to five EU countries: Germany, France, the UK, Spain and Italy. With EVFTA, the market will be expanded. In fact, the EU's annual demand for timber products is about 80 – 85 bi. USD. This demand far exceeds the value of Viet Nam's current timber export to the EU. Thanks to EVFTA, in addition to tariff reduction to 0%, businesses can more easily purchase machines and equipment and learn from the EU's timber processing technology and corporate governance.

Viet Nam's timber exports in 2020:

Furniture is the product category with the highest export value, which include timber products, chairs. Other categories include wood chips, pellets, and plywood (Figure 3).

Figure 3: Timber product categories with high export value in 2020
(Source: [11])

Viet Nam's key export markets:

The main markets for Vietnamese furniture are the US, Japan, China and South Korea. Wood chips are mainly exported to China, Japan, and South Korea. South Korea and Japan are also the two major markets for Viet Nam's wood pellets. The value of forest product exported into the EU accounts for only about 4% of the total export turnover.

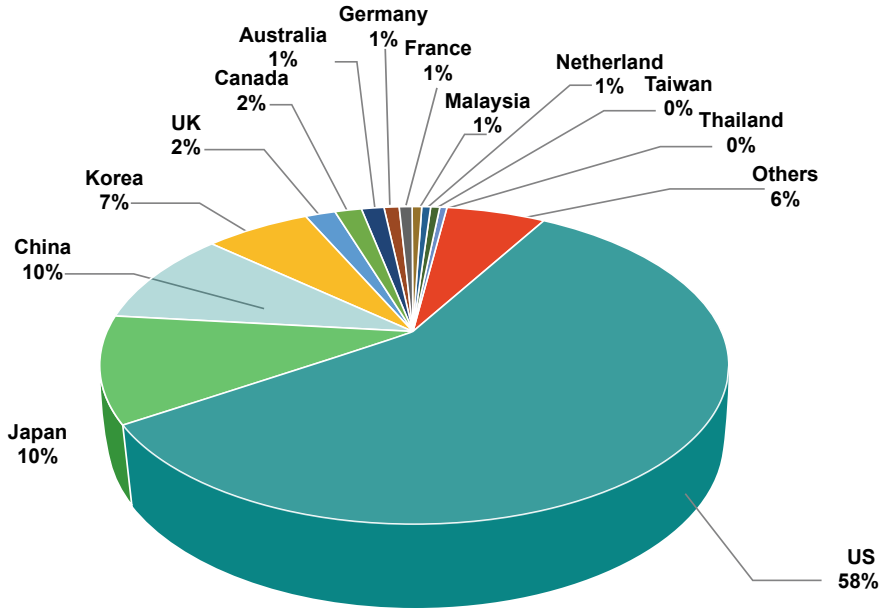

Figure 4: Structure of Viet Nam's timber and timber product export markets in 2020
(Source: [11])

b) Viet Nam's timber and timber products imports :

Viet Nam has to import a large volume of timber and timber materials to serve its manufacturing industry. Logs, sawn wood and artificial boards are the major imported products.

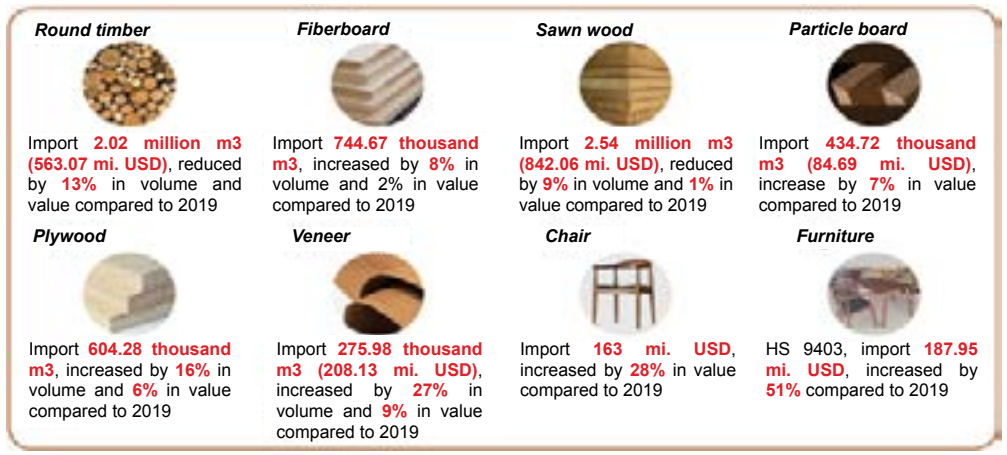

Figure 5: Major timber imports of Viet Nam in 2020
(Source: [11])

In the period of 2018-2020, Vietnamese enterprises imported an annual amount of 450 million USD worth of log and 750 million USD worth of sawn wood.

Viet Nam's key import markets: every year Viet Nam imports timber materials from over 100 sources.

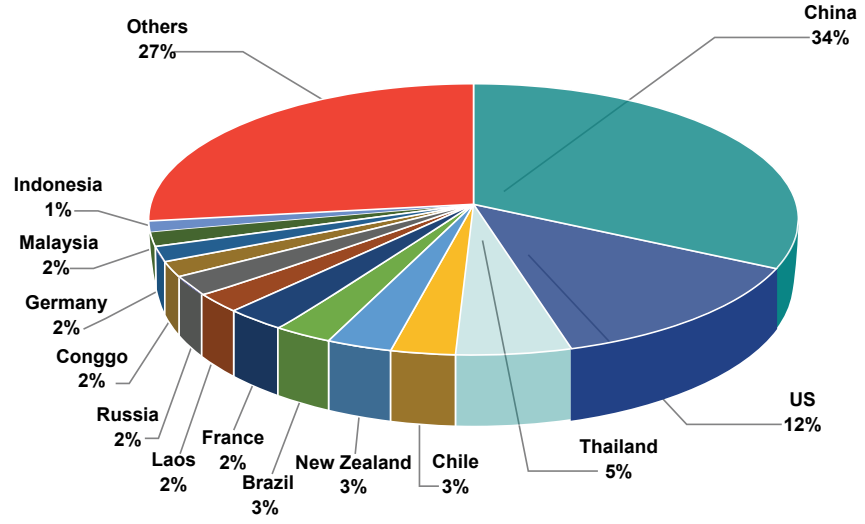

Figure 6: Viet Nam's timber material import markets in 2020
(Source: [11])

Currently, the leading markets supplying raw timber to Viet Nam are China, the United States, New Zealand, Thailand, Chile, Africa, and the EU. The annual increase in import volume and source countries has also led to an increase in imported timber species. Africa is supplying timber material to Viet Nam with a wide range of species. The number of new species imported from this region has been increasing.

Imported tropical timber is an important source of input material for the timber industry. Most of the tropical timber imported into Viet Nam are logs and sawn wood. The annual supply of log and sawn wood from this source to Viet Nam is about 1.5 million m^3, equivalent to 30% of the total volume of round and sawn wood imported into Viet Nam from all sources. African countries, Lao, Cambodia and Papua New Guinea are the most important sources [10].

c) Overview of the timber material supply and demand of Viet Nam

Until now, export remains one of the top priorities of the Vietnamese timber industry. Along with the growth in domestic timber consumption, the demand for timber materials has also continuously increased with domestic and imported timber sources. It is estimated that in 2019, exporting, processing and domestic consumption purposes needed 52.5 million m^3 of round wood, of which 43.4 million m^3 was used for processing and exporting and about 9.1 million m^3 was meant for domestic consumption [11].

The government has been encouraging the creation of timber material source by increasing the domestic supply of 'clean' timber which is mainly plantation timber, including acacia and rubber. This has consequently created an open mechanism for timber material import.

- Domestic timber materials sources: according to the reports of the Viet Nam Administration of Forestry (VNFOREST), since 2017, the forestry industry has created a stable and legal source of forest timber materials for the timber processing industry. In the period from 2007 to 2017, domestic timber production grew steadily with an annual growth rate of more than 10% per year, reaching 25

million m³ in 2017 which was accounted for 75% of total demand. In 2019, the country harvested nearly 40 million cubic meters of timber, of which 32 million m³ from plantation forests, 4 million m³ from rubber and 3.5 million m³ from scattered trees, gardens and farms. This helped to ensure the source of timber materials for processing enterprises, thereby reducing production costs, prices and creating a competitive advantage for the products.

- Imported timber materials sources: in recent years, imported material timber has few changes in terms of value and volume. However, considering the proportion of imported timber used in processing, there has been a significant change. Before the year 2010, the amount of imported timber always accounted for about 70% of the total timber demand in production. However, from 2017 until now, the amount of timber imported only accounts for about 25% of the total timber materials of production.

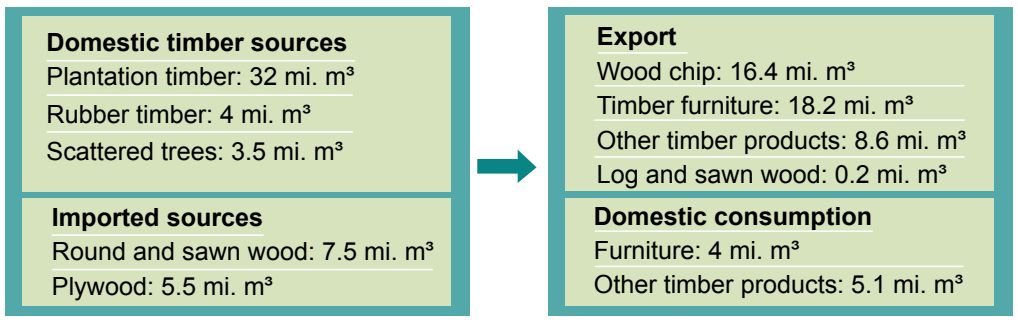

Figure 7: Overview of the timber material demand and supply of Viet Nam in 2019
(Source: [11], [14])

d) Difficulties and challenges for the Viet Nam timber processing industry

Despite remarkable achievements over the past decade, the timber and non-timber forest products processing industry are facing many difficulties and challenges: it is a rapid but unsustainable development, expressed in the following characteristics:

- Quality domestic timber materials certificated of sustainable forest management are limited;
- The imported timber materials source is unstable and faces many risks of legal timber, increasingly sophisticated fraud of species and origin;
- Competitiveness is still low, corporate governance capacity is limited, the proportion of exporting wood chips is still high;
- Corporate and national brands of timber products have not been paid enough attention.

Another difficulty and challenge is that Viet Nam's timber products and exported timber products are facing the risk of being subjected to trade defence measures (anti-dumping, subsidy, anti-tax evasion lawsuits) due to rapid growth. In 2020, the timber processing industry is facing two of the major risks that have a direct impact on the sustainable development of the industry in the future including risk of the imported timber sources legality control and the risk of controlling trade fraud. The U.S. Department of Commerce has officially initiated an investigation into the application of anti-tax evasion measures with Vietnamese plywood products. The United States Trade Representative (USTR) also officially announced an investigation into Viet Nam's timber industry, based on allegations that Viet Nam used illegally imported timber and a number of other reasons in 2020. Meanwhile, new-generation free trade agreements such as VPA/FLEGT, EVFTA, CPTPP, are both opportunities and challenges for Vietnamese enterprises.

đ) Viewpoints and development objectives for the timber processing and exporting industry

On March 28, 2019, the Prime Minister issued Directive No. 08/CT-TTCP on a number of tasks, solutions and sustainable development of the timber processing industry and non-timber forest products for export, with the following three viewpoints and objectives:

1. Developing a sustainable, efficient and modern timber and non-timber forest products processing industry on the basis of deep integration into regional and global markets; use of legal timber materials; application of advanced technology and modern equipment, ensuring environmental standards in processing.
2. Bringing the timber and non-timber forest products processing industry to become a key economic sector in Viet Nam's processing and exporting in the next 10 years; building the Viet Nam brand of timber products and non-timber forest products, striving for Viet Nam to become one of the leading countries in the world in terms of producing, processing and exporting of timber products and non-timber forest products which has prestigious branded timber products in the world market.
3. Striving to bring the export turnover of timber and non-timber forest products in 2019 reached 11 billion USD; in 2020 reached 12 to 13 billion USD; in 2025 will reach from about 18 to 20 billion USD; Increasing step by step the proportion of exporting high-processed branded products in Viet Nam, with high added value in the total export turnover.

1.1.3 Legal timber regulations in Viet Nam and in the world.

a) Legal timber regulations in the world

In recent decades, there have been changes in environmental protection, sustainable forest management, awareness and decision-making regarding the purchase of wooden furniture by consumers and importers, as well as changes in government policy focusing on the legal origin requirements for timber and timber products. These changes are realised by legal regulations aimed at preventing illegal timber and timber products from entering the market. Meanwhile, there is an increase of trade remedies and technical barriers, some countries which are Viet Nam's timber and timber products main importing have issued regulations on legal timber, specifically as follows:

- **United States:** The Lacey Act was enacted in 2008, which came into effect in April 2010 on timber products. Accordingly, it is prohibited to import illegal timber into the United States, timber importing enterprises must declare the origin of timber and perform due diligence. At the same time, Lacey Act also presents very strict regulations on the form of sanctioning violations from confiscation of imported shipments to monetary fines or imprisonment.
- **European Union (EU):** The EU Timber Regulation was enacted in 2008 and came into effect on 1 March 2010 (EUTR 995/2010) as one of the measures to implement

the Action Plan on implementing Forest Law Enforcement, Governance and Trade (FLEGT) to prevent illegal logging and ensure timber that the enterprises trading is from legally sourced. The regulation prohibits illegal imports into the EU market, and EU timber importers must perform due diligence to prove the legal origin of timber to the competent EU authorities before the shipment is allowed to enter the first port of the EU. EU importers are responsible for traceability of timber throughout the entire supply chain. There are only two exemptions: CITES-permitted timber under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and FLEGT-licensed timber from countries that have negotiated and signed the VPA/FLEGT Agreement with the EU.

- **Australia:** Illegal Logging Prohibition Act was enacted in 2012, amended in 2014, and came into effect on November 30, 2014. Australia's Illegal Logging Prohibition Act is similar to the US Lacey Act, which prohibits the import of illegal timber into Australia, and timber importing enterprises must perform due diligence and enterprises exporting timber to Australia will be accountable for their goods.
- **Japan:** The "Act on Promotion of Use and Distribution of Legally-Harvested Wood and Wood Products" or "Clean Wood Act" was issued in 2016 and took effect on May 20, 2017. Unlike Lacey Act of the United States and Illegal Logging Prohibition Act of Australia, this Japanese law is not mandatory. Japanese timber enterprises or foreign exporters are encouraged to aim to provide legal timber materials to the Japanese market and apply group certification to confirm the legality of enterprises registered on the system of this Law.
- **Korea:** The Law on sustainable use of timber was issued and came into effective on October 1, 2018. This law, in addition to regulating the due diligence responsibility of enterprises importing timber into South Korea, which is similar to the Lacey Act of the United States, requires these enterprises to submit legal timber evidence certified by the harvesting and exporting countries to the Korean Administration of Forestry for verification before customs clearance.

b) Viet Nam legal timber regulations

Viet Nam's legal timber regulations are expressed in the Forestry Law (2017), in Article 2 on interpretation of terms, Clause 18 defines legal timber as follows *"Legal timber is timber, timber products that are harvested, traded, processed in accordance with the provisions of Vietnamese law".*

On September 1, 2020, the Government issued Decree No. 102/2020/ND-CP on Viet Nam's Timber Legality Assurance System. This Decree has "institutionalized" the commitments in the Voluntary Partnership Agreement (VPA) between the Viet Nam Government and the European Union on the implementation of forestry law enforcement, governance and trade (abbreviated as VPA/FEGT). Accordingly, in Article 3 on definition of terms, Clause 1 defines legal timber as follows: *" Legal timber is timber and timber products (hereinafter referred to as timber) exploited, imported, handled confiscated, transported, traded, processed and exported in accordance with Vietnamese law, relevant provisions of international treaties to which Viet Nam is a member and the relevant laws of the country where the timber was exploited for export to Viet Nam."* Decree 102/2020/ND-CP regulates on imported timber management, supply chain control, enterprise classification, export verification and FLEGT licensing for shipments exported to the EU to ensure all timber sources entering the VNTLAS system are controlled and to ensure timber legality at any stage of the supply chain.

1.2. OVERVIEW OF THE VOLUNTARY PARTNERSHIP AGREEMENT (VPA) ON FOREST LAW ENFORCEMENT, GOVERNANCE AND TRADE (VPA/FEGT) BETWEEN THE VIET NAM GOVERNMENT AND THE EUROPEAN UNION

1.2.1. International and domestic context before negotiation

Illegal logging has destroyed natural forests, causing negative social impacts and losses to state revenue. In this context, the European Union (EU) has found that as one of the largest consumers of timber products in the world, the EU will be the main market for illegal timber import and therefore EU has a major role in encouraging illegal logging. In May 2003, EU adopted the Action Plan on Forestry Law Enforcement, Governance and Trade (FLEGT) with measures to combat illegal logging in developing countries. The EU's FLEGT Action Plan proposes measures to achieve three key objectives. It is to prevent illegal timber import into the EU, improve legal timber supplies and increase demand for timber from responsibly managed forests. The plan focuses on seven major areas with a combination of measures from the supply and demand side to achieve its objectives. Two of them are the European Union Timber Regulation (or EUTR 995) issued by the EU in 2010 and the negotiation and implementation of the Voluntary Partnership Agreements (VPA) between the EU and non-EU timber producing countries.

In Viet Nam, timber and forest products are an important export industry that has grown continuously over the past decade. Export turnover has increased from USD 3.4 billion in 2010 to USD 9,382 billion in 2018 and USD 12.37 billion in 2020. Viet Nam currently has about 4,500 wood processing enterprises, of which export-oriented enterprises account for 1,500, creating nearly 500,000 jobs. These entities also support millions of rural and mountainous workers participating in planting material forests [15], contributing to social economic development, security, and stabilisation. The EU is one of Viet Nam's main export markets. Facing these changes, Viet Nam needs to quickly adapt to sustain and potentially expand its export market. If no action is taken, market shrinkage/loss will be inevitable, seriously affecting its timber processing industry with its 500,000 employees, millions of rural and mountainous workers and millions of USD in investment.

In October 2010, Viet Nam officially announced the negotiation of the VPA/FLEGT Agreement with the EU. After more than 7 years of negotiations, on October 18, 2018, the Agreement was officially signed and took effect on June 1, 2019. Up to now, this is one of the right choices to demonstrate the strong commitment of the Government and the business community to combat illegal logging in countries around the world.

1.2.2. General information on the VPA/FLEGT

VPA/FLEGT is a trade agreement between Viet Nam and the EU to create a legal framework to ensure that Viet Nam's timber and timber products exported to the EU are legally produced, promoting timber and timber product trade between the two parties. This objective will be achieved through the establishment of the Viet Nam Timber

Legality Assurance System (VNTLAS), together with the FLEGT licensing scheme, to guarantee that only FLEGT-licensed timber products are allowed to enter the EU market.

The scope of the Agreement and of VNTLAS includes Viet Nam's timber and timber products produced for the domestic market and for export. Regarding timber origin, the VNTLAS domestic timber system ensures the legality not only of timber sources but also of imported timber. The provisions of the Agreement apply to all entities in Viet Nam, including organisations, business households, households, individuals and communities engaged in production, trading, transportation, processing, exporting and importing timber and timber products. To achieve this goal, the Agreement requires the above entities to be responsible during timber trading to ensure that only legal timber enters the supply chain, including the domestic timber trade. These entities shall exercise due diligence for imported timber legality. The Agreement has 27 Articles, 9 technical annexes [16] and is summarised in Figure 8 below.

Annex 1: Products coverage under VNTLAS and FLEGT Licensing Scheme

HS Code	List of timber products
Chapter 44: Wood and wood articles, wood charcoal	
4401	Fuel wood (multiple forms)
4403	Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared
4406	Railway or tramway sleepers (cross-ties) of wood
4407	Sawn wood
4408	Sheets for veneering, for plywood or for similar laminated wood
4409	Shaped but not-assembled wood product
4410	Particle board and similar boards of wood or other ligneous materials
4411	Fibreboard of wood or other ligneous materials
4412	Plywood, veneered panels and similar laminated wood
441300	Densified wood, in blocks, plates, strips or profile shapes
441400	Wooden frames; for paintings, photographs, mirrors or similar objects
4415	Packing cases, boxes, crates, drums and similar packings, of wood
4416	Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves
4418	Builders' joinery and carpentry of wood
Chapter 94: Outdoor furniture (table and chair), Interior furniture, bedding, mattresses, mattress supports, cusshions and similar stuffed furnishings:	
940330	Furniture; wooden, for office use
940340	Furniture; wooden, for kitchen use
940350	Furniture; wooden, for bedroom use
940360	Furniture; wooden, other than for office, kitchen or bedroom use

Contents of VPA/FLEGTLEGAL TEXTANNEX
I: Product coverage: the harmonised commodity codes for timber and timber products covered under the FLEGT licensing schemeANNEX
II: Viet Nam Timber Legality Definition (LD) Appendix 1: LD for Organisations Appendix 2: LD for HouseholdsANNEX
III: Conditions governing the release for free circulation in the Union of timber products exported from Viet Nam and covered by a FLEGT licenceANNEX
IV: FLEGT Licensing scheme Appendix 1: FLEGT Licensing FormANNEX
V: Viet Nam Timber Legality Assurance System (VNTLAS) Appendix 1: Establishment, verification and approval of proofs for organisations and households Appendix 2: Supply chain control Appendix 3: Self-declaration formANNEX
VI: Terms of reference for the independent evaluationANNEX
VII: Criteria for assessment of the operational readiness of the Viet Nam Timber Legality Assurance SystemANNEX
VIII: Public disclosure of informationANNEX
IX: Functions of the Joint Implementation Committee (JIC)

Timber sources within VNTLAS include:

Imported timber
Confiscated timber
Domestic natural forest timber
Domestic plantation forest timber
Timber grown in home garden, farm and dispersed trees
Domestic rubber wood: timber harvested from rubber grown domestically on agriculture and forestry land

[Transit timber is not covered by VNTLAS]

The Vietnam Timber Legality Assurance System (VNTLAS) includes 7 components:

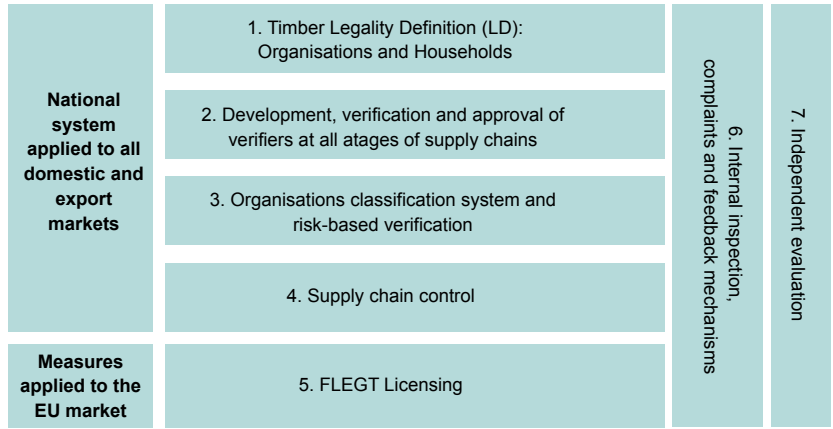

Figure 8: Summary of the VPA/FLEGT Agreement
(Source: [16])

The summary of each technical annexes is included in the Table 2 below.

No.	Topic	Summary
1	Product coverage in the VPA/FLEGT	Stipulates codes for FLEGT-licensed timber and timber products. This list of goods refers to the Harmonised Commodity Description and Coding System of the World Customs Organisation (HS List).
2	Timber legality definition	The timber legality definition mentions the aspects of the VPA partner countries. Accordingly, the timber legality assurance system leverages verifiers to demonstrate legal compliance. It includes principles, criteria, indicators and verifiers on timber legality and shall be updated and supplemented during implementation of the Agreement. The definition of timber legality applies to two target groups: organisations and households; and individuals and communities.
3	Conditions governing the release for free circulation of FLEGT-licensed timber products exported from Viet Nam	The license shall be lodged with the competent authority of the Member State of the Union in which the shipment covered by that license is declared for release for free circulation. In the case of suspicion concerning the validity or authenticity of a license, a duplicate or a replacement license, the competent authority may request additional information from the licensing authority.
4	FLEGT licensing scheme	When VNTLAS is put into operation, this system will issue a license for each shipment of timber products exported to the EU market. Licensed shipments are those for which the exporter must meet all the requirements in the definition of legal supply chain control and verification procedures outlined in VNTLAS.
5	Viet Nam Timber Legality Assurance System	VNTLAS is at the core of the VPA. This is a system to ensure that timber and timber products are legally verified against specific requirements throughout the supply chain, from the point where timber is harvested in the forest or imported to the point where it is exported or sold.
6	Criteria for assessment of the operational readiness of VNTLAS	VPA/FLEGT covers the development and implementation of the VNTLAS to ensure the legality of timber. All components of the VNTLAS will be independently evaluated from a technical viewpoint against the operational readiness assessment criteria of the VNTLAS before the FLEGT licensing scheme for timber exported from Viet Nam to the EU is officially effective.
7	Public disclosure of information	The parties commit to ensure that key legal-related information is made available to the public. To that end, the Agreement provides for this objective to be met by outlining the forestry-related information to be made available to the public, the bodies responsible for making that information available, and the mechanisms by which it can be accessed.
8	Join Implementation Committee (JIC)	The JIC is a body established under the Agreement. The JIC shall be established by the parties within three months from the Agreement's entry into force. The JIC performs specific functions and tasks related to the management, monitoring and evaluation of the implementation of the Agreement, including the management of independent evaluation.
9	Join Implementation Committee (JIC)	The JIC is a body established under the Agreement. The JIC shall be established by the parties within three months from the Agreement's entry into force. The JIC performs specific functions and tasks related to the management, monitoring and evaluation of the implementation of the Agreement, including the management of independent evaluation.

Table 2: Summary of the VPA/FLEGT
(Source: [16])

Although the VPA/FLEGT has been in effect since mid-2019, it will take some time for VNTLAS and the FLEGT licensing scheme to be fully established and operational. Implementation of the Agreement will go through several stages.

On 14 November 2019, the Prime Minister issued a Plan to implement the VPA/FLEGT in Decision No. 1624/QD-TTg. This plan assigns tasks and responsibilities to ministries, sectors, provinces and related agencies and organisations for implementation of the Agreement. The plan includes seven main groups of tasks as follows:

I. Communication and dissemination of information;

II. Developing legal documents;

III. Improving technical infrastructure for VNTLAS operation;

IV. Capacity building for VPA/FLEGT implementation;

V. Managing, monitoring and evaluating VPA/FLEGT implementation;

VI. Developing mechanisms and policies for sustainable development of the timber processing industry for export; and

VII. Strengthening regional and global cooperation on legal enforcement, forest governance and trade in forest products.

In the first phase, the Government issued Decree No. 102/2020/ND-CP dated 1 September 2020 regulating the VNTLAS and amended existing legal regulations where necessary to provide a legal basis for the Agreement's implementation. Prior to operating the FLEGT licensing scheme, the EU and Viet Nam will conduct a joint assessment to validate that VNTLAS is being operated in accordance with the

provisions of the Agreement. Readiness assessments can be performed in several stages to help identify, remedy, and react to any system weaknesses. Viet Nam and the EU will then decide when to start FLEGT licensing, marking the full implementation of the Agreement.

1.2.3. Benefits and challenges of VPA/FLEGT

The implementation of VPA/FLEGT is expected to bring economic, social and environmental benefits to Viet Nam, specifically:

- **Enhanced access to market opportunities in the EU:** FLEGT-licensed timber and timber products will automatically meet the requirements of the EU Timber Regulation. There will be no due diligence required, so Vietnamese exporters and EU importers will save time and costs. This will contribute to improving the competition of Viet Nam timber products in the EU market, as well as increasing the confidence of EU importers and consumers in these products. The EU is committed to certify that FLEGT-licensed products exported from Viet Nam meet the requirements of the EU Timber Regulation and create a favourable market position for them.
- **Improved image and market position of Viet Nam timber products globally:** VPA/FLEGT is expected to enhance the image and reputation of the timber industry as well as of Viet Nam timber products in the international market as it highlights Viet Nam's efforts in strengthening governance and legal compliance. This will contribute to strengthening the position of Viet Nam's verified timber products in the international market.
- **Strengthened forest governance:** the implementation of the VPA/FLEGT will strengthen the regulations of the timber industry, thereby contributing to improved state governance and forestry sector restructuring. At the same time, VPA/FLEGT also aims to enhance the responsibility of the private sector, including organisations and households, for the legality of timber and timber products, thereby enhancing social responsibility and the awareness of the private sector and the public.
- **Enhancing the value of the domestic timber industry:** VPA/LEGT implementation is expected to contribute to an increase in demand for domestic timber, especially those from large and value-added plantations. This develops stronger linkages between domestic timber producers, processors and exporters. In this way, VPA/FLEGT will contribute to the sustainable management of forest resources in Viet Nam.
- **Improved transparency in the forestry sector:** VPA/FLEGT includes provisions for transparency, access to essential information and supports the participation of stakeholders in its implementation. This ensures that key information on the forestry sector is publicly available, which is an important contribution to strengthening forest governance in Viet Nam.

However, the implementation of VPA/FLEGT will raise the following challenges:

- It is necessary to review, amend and supplement relevant legal documents and policies so they are compatible with the legal requirements of the Agreement.
- The identification of high-risk species and geographical origin for imported timber is challenging because Viet Nam imports from about 120 countries and territories.
- Enterprises must invest resources in improving production, working conditions, and capacity building to meet requirements.
- Classification of enterprises will significantly affect enterprises: those in Category 2 will have to go through the steps of inspection and verification before completing procedures for exporting timber.
- Small-scale timber processing facilities will have difficulties keeping records for verification of legal timber origin.

1.3. THE TIMBER LEGALITY ASSURANCE SYSTEM UNDER VPA/FLEGT AND ITS INTERNALISATION IN THE CONTEXT OF VIET NAM

1.3.1. The definition of Viet Nam Timber Legality Assurance System

The timber legality assurance system is an integral part of the VPA/FLEGT. It is a national system that assures compliance with legislation at each stage of the timber supply chain, including harvest, import, transportation, processing, trade and export of timber and timber products.

According to VPA/FLEGT, the VNTLAS consists of seven system elements, as follows: (1) Timber Legality Definition (LD); (2) Development, verification and approval of verifiers at all stages of supply chains; (3) Organisation Classification System (OCS) and risk-based verification; (4) Supply chain control; (5) FLEGT licensing; (6) Internal inspection, and feedback mechanisms; and (7) Independent evaluation as seen in Figure 9.

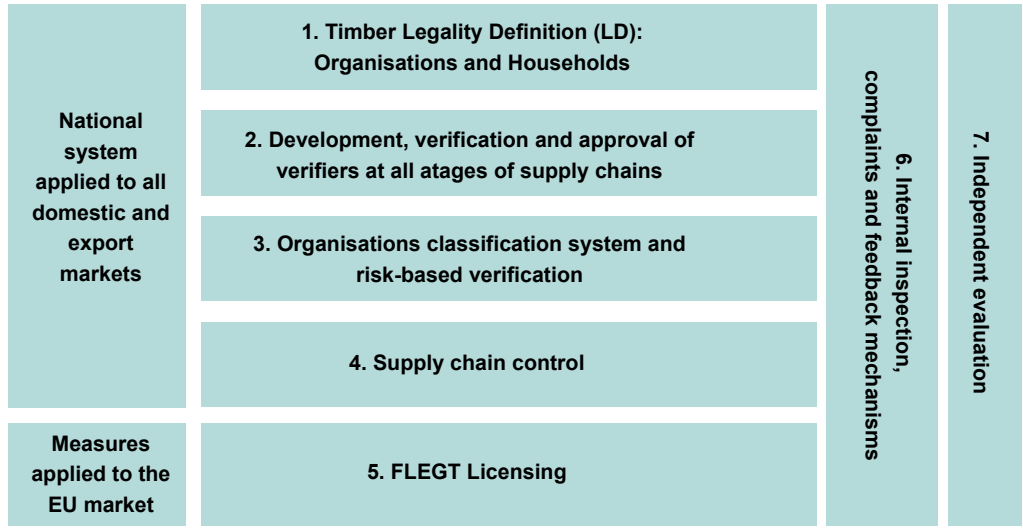

Figure 9: Elements of VNTLAS
(Source: [16])

VNTLAS system is a national system therefore it will apply to all timber sources entering the VNTLAS system (domestic and imported), all products included in Appendix I of the VPA/FLEGT Agreement and Decree 102/2020/ND-CP, all markets (domestic

and export) and to all participants in the supply chain (groups, households) as seen in Figure 10 below.

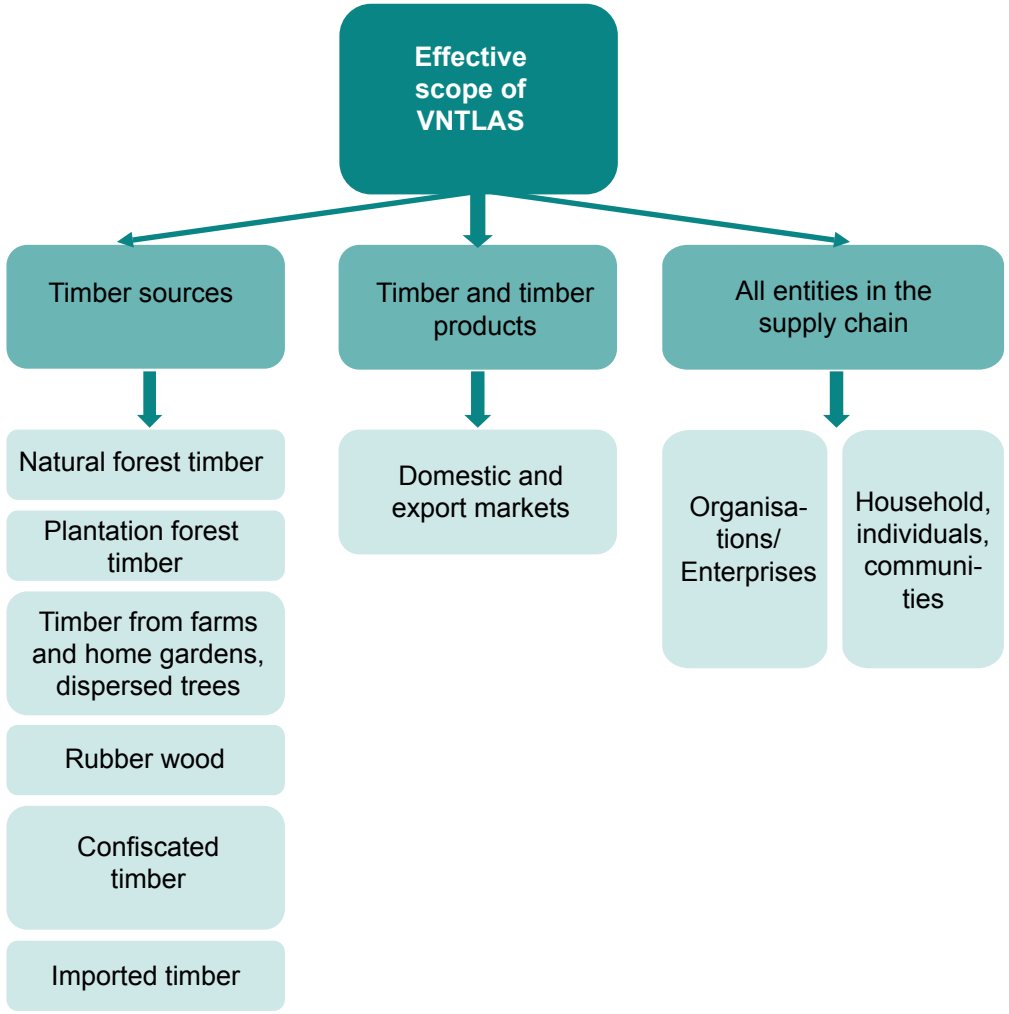

Figure 10: VNTLAS's scope of application according to VPA/FLEGT
(Source: [16])

1.3.2. Definition of legal timber and timber products

In VPA/FLEGT, "legally produced timber" is timber and timber products imported and manufactured in accordance with the laws of Viet Nam and in accordance with the laws of the harvesting country in case of imported timber. This means legal timber products must be legally sourced and legally produced at all stages of the timber supply chain. The legality definition of timber sets out the requirements in the laws and regulations applicable to timber in Viet Nam. Timber legality definition is divided into two parts – one for organisations and one for business households, households, individuals, communities (hereinafter referred to as households) – in accordance with regulations. Different laws apply to each target group. The timber legality definition is in Annex II of the VPA/FLEGT Agreement, which includes seven principles. The first three principles cover the legal provisions applicable to domestic timber sources (Principle 1); handling of confiscated timber that satisfies legality requirements (Principle 2); and imported timber (Principle 3). The remaining four principles cover the regulations on the transport and trade of timber (Principle 4); timber processing (Principle 5); export customs procedures (Principle 6); and tax and labour regulations (Principle 7).

Compliance with the legality definition of timber means organisations and households have to comply with seven principles (each principle includes: criteria, indicators, and verifiers – see Annex II – Timber Legality Definition in VPA/FLEGT).

From the legal perspective, legal timber needs to ensure compliance with regulations on:

- Land: compliance with the law on land- and forest-use rights.
- Forestry: develop and approve a plan for sustainable forest management, records of timber harvesting, processing, transportation, etc.
- Investment - business: certificate of business registration.
- Labour: salary and wage regimes, trade unions, plans for occupation health and safety, social insurance and health insurance.
- Environment: environmental impact assessment report or an environmental protection plan.
- Tax: strictly observe taxation regulations.
- Trade and customs: contracts of sale, commercial invoices, bills of lading, licenses, origin, etc.

Decree No. 102/2020/ND-CP dated 1September 2020 by the Government stipulating Viet Nam Timber Legality Assurance System (Decree 102 for short), based on the timber legality definition in the Agreement and the context of Viet Nam, introduced the definition of legal timber as follows: *"Legal timber is timber and timber products (hereinafter referred to as timber) exploited, imported, handled and confiscated, transported, traded, processed and exported in accordance with Vietnamese law, relevant provisions of international treaties to which Viet Nam is a member and the relevant laws of the country where the timber was exploited for export to Viet Nam."* (Clause 1, Article 3).

Thus, basically, the definition of timber legality in Decree 102/2020/ND-CP is compatible with that in VPA/FLEGT. However, Decree 102/2020/ND-CP only internalises the principles, criteria, indicators and verifiers for imported and exported timber. Meanwhile, the principles, criteria, indicators and verifiers for confiscated, transported, traded, and processed timber shall follow Circular No. 27/2018/TT-BNNPTNT dated 16 November 2018 by the Ministry of Agriculture and Rural Development on the management and traceability of forest products (Circular 27). This circular includes regulations on dossiers of forest product origin; dossiers of forest products traded and transported; and dossiers of forest products at processing and storage facilities. These contents are also stipulated in relevant existing regulations, such as the law on land (land-use rights registration), investment (investment certificates), plant protection (plant quarantine, asset auctions of confiscated assets), customs (customs procedures), etc.

1.3.3 Development, verification and approval of verifiers at all stages of the supply chain

This section describes the responsibilities for developing, verifying and accepting verifiers within the legal definition (LD), including the responsibilities of organisations, households and government verification entities. The purpose is to help verify the legal compliance of organisations and households participating in the timber supply chain. Government verification entities include rangers, customs officers and other relevant entities.

Development of verifiers is the preparation of a document or dossier by organisations and households, or by verification entities, in accordance with Viet Nam laws and regulations.

Verification is the process of checking the legality, validity and conformity of verifiers based on documentary and/or physical checks by the verification entities.

Approval of verifiers by verification entities is the recognition of the compliance of each verifier in accordance with regulations.

There are two types of verifier in LD, namely:

- **Static verifiers** are used to verify the legal compliance of the establishment and operations of organisations and households in timber harvesting, processing, transportation and trade. For example, the business registration certificates of enterprises and the certificates of forest land-use rights of households. Static verifiers are developed and approved once and can be renewed periodically.
- **Dynamic verifiers are** used to verify the legal compliance of timber origin and timber in circulation at each stage of the supply chain (used to prove compliance with regulations during the formation and operation of organisations and households related to production, processing, transportation, and trading of timber). Dynamic verifiers include verifiers of documents required in a legal forest product dossier, such as a list of forest products, sales invoices, and other documents. Static and dynamic verifiers are specified in Annex V/Appendix 1A, 1B of the VPA/FLEGT.

The responsibilities of competent authorities for the development, verification and approval of verifiers are specified in Appendix 1A and 1B of VPA/FLEGT Annex V and summarised in Table 3 below.

Decree 102/2020/ND-CP does not have a separate section on static and dynamic verifiers; or on responsibility for developing, verifying, and approving verifiers at all stages of the supply chain. These contents are scattered in regulations on different sectors, such as forestry (management of timber in harvesting, transportation, processing, CITES permits), agriculture (controlling phytosanitary), land (forest land-use rights), finance (taxes, auction of confiscated assets, customs clearance), investment (business registration), labour (e.g., labour standards; health and safety), and resources and environment (environmental impact assessments), etc.

Principles of timber legality definition	Competent authority in charge	Main responsibility
Principle I: Harvesting of domestic timber complies with regulations on land-use rights, forest-use rights, management, environment and society	MONRE	Forest land-use rights; environmental impact assessment
	MPI	Business registration
	District/Province	Forest land-use rights
	MARD/ FPD	Timber origin control; supply chain control
Principle II: Compliance with regulations on handling confiscated timber	MOF; District/ Commune	Handling and auctioning of confiscated assets
	MARD/ FPD	Timber origin control; supply chain control
Principle III: Compliance with regulations on importing timber	MoF/General Department of Customs	Customs procedures
	MARD/ CITES/ FPD	Phytosanitary, CITES, timber origin control
Principle IV: Compliance with regulations on timber transportation and trade	MPI	Business registration
	Industrial Park Management Boards	Registration of enterprises operating in industrial parks
	MARD/ FPD	Timber supply chain control
Principle V: Compliance with regulations on timber processing	MPI	Business registration
	Management Boards	Registration of enterprises operating in an industrial park
	MONRE	Environmental impact assessment
	Province/ Districts	Environmental impact assessment
	MARD/ FPD	Supply chain management
Principle VI: Compliance with regulations on exporting	MOF/ General Department of Customs	Customs procedures
	MARD	Phytosanitary, supply chain management, CITES permits
Principle VII (Organisation): Compliance with regulations on tax and labour	MOF/ General Department of Taxation/ Department of Taxation	Regulations on tax
	MOLISA	Labour standards; health and safety
Principle VII (Household): Compliance with tax regulations	MOF/ General Department of Taxation/ Department of Taxation	Regulations on tax

Table 3: Responsibilities of competent authorities for the development, verification and approval of verifiers *(Source: [16])*

1.3.4. Organisation Classification System (OCS) and risk-based verification

The Organisation Classification System (OCS) is a prerequisite for implementing VPA/FLEGT and VNTLAS. The purpose of the OCS is to assess the level of risk of all organisations regarding their compliance with VNTLAS in order to implement appropriate, effective and timely verification measures. OCS also aims to reduce administrative procedures, facilitate production and business activities and encourage organisations to comply with legal requirements. According to the provisions of VPA/FLEGT, OCS shall apply to all organisations in the VNTLAS supply chain. Classification criteria and risk categories are summarised in Table 4 below.

Criteria	Risk categories and minimum criteria	
	Category 1	Category 2
1. Compliance with dynamic supply chain control verifiers to ensure that only legal timber enters the supply chain	Fully compliant	Any non-compliance
2. Fulfilment of supply chain control declaration and reporting requirements	Fully compliant	Failure to submit declarations and reports in accordance with legal requirements
3. Compliance with static verifiers	Fully compliant	Any non-compliance
4. Record of violations and sanctions	No record of violations or sanctions	Any record of violations and sanctions
5. Other criteria		Newly established organisations

Table 4: Minimum criteria and risk categories in OCS under the Agreement
(Source: [16])

Thus, according to the VPA/FLEGT, an organisation is classified based on four criteria and divided into 2 risk categories: Category 1 (Compliant): Organisations that fully meet the above criteria; Category 2 (Non-compliant): Organisations that do not fully meet the above criteria or newly established organisations.

Decree 102/2020/ND-CP specifically guides Article 69 of the Law on Forestry and internalises the provisions on organisation classification and risk-based verification in VPA/FLEGT (see Box 1).

However, there are a few differences:

Article 12. Criteria for enterprise classification

1. Category I enterprises are those that fully comply with the following criteria:
   a. Fully comply with the provisions of the law in their establishment and operation for at least 01 year from the date of business registration;
   b. Comply with legal regulations on ensuring timber legality according to this Decree and the regulations of the Minister of Agriculture and Rural Development on management and traceability of forest products;
   c. Comply with the reporting regime as prescribed in Clause 4, Article 27 of this Decree and keep original records as prescribed by law;
   d. Has not violated the law to the extent that it must be handled according to the provisions of Clause 4, Article 13 of this Decree; and
   e. The criteria at Points a and b of this Clause are detailed in Appendix II issued together with the Decree.

2.....

Article 13. Procedures for enterprise classification...

4. In case a Category I enterprise or a lawful representative of a Category I enterprise is subject to criminal penalty under Article 232 of the Penal Code 2015 (amended and supplemented in 2017) or is sanctioned for illegal logging; illegal deforestation; illegal transportation of forest products; illegally storing, trading or processing forest products with a monetary fine of VND 25,000,000 or more, the following actions shall be taken:
   a. Trong thời hạn 01 ngày làm việc kể từ ngày nhận được thông tin xử lý vi phạm của cơ quan có thẩm quyền liên quan, cơ quan tiếp nhận quyết định chuyển loại doanh nghiệp từ doanh nghiệp Nhóm I sang doanh nghiệp Nhóm II, cập nhật vào Hệ thống thông tin phân loại doanh nghiệp và thông báo rõ lý do trên Hệ thống thông tin phân loại doanh nghiệp;
   b. .....

Box 1. Enterprises classification requirements under Decree 102/2020/ND-CP

I. Regarding target groups of classification: according to VPA/FLEGT, the target groups of classification are enterprises, cooperatives, special-use forest management boards, protection forest management boards participating in the timber supply chain (harvest, transportation, trading, processing, import and export of timber). Meanwhile, according to Decree 102/2020/ND-CP, the target groups of classification are timber processing and exporting enterprises (Article 69 of the Law on Forestry stipulates the classification of enterprises). Thus, management boards of protection forests, management boards of special-use forests and enterprises engaged in the harvest, transportation, trading, processing, import and export of timber are not subject to this Decree.

II. Regarding classification criteria: the classification criteria in Decree 102/2020/ND-CP are not fully compatible with the those in VPA/FLEGT. According to the Agreement, organisations that violate and are sanctioned will be in Category 2 (without considering how much the sanction is). While under Decree 102/2020/ND-CP, if enterprises are administratively sanctioned for violations of the Forestry

Law with a monetary fine of VND 25 million or more, they will be classified into Category 2 (Article 13). On the other hand, Decree 102/2020/ND-CP only stipulates violations in the forestry sector, while timber processing and exporting enterprises can commit violations related to finance, customs, and trade. These are not mentioned.

Regulations on procedures for assessment and verification of business classification between VPA/FLEGT and Decree 102/2020/ND-CP are basically compatible. However, currently, the scope of classification of the Enterprise Classification Information System (ECIS) specified in Decree 102/2020/ND-CP is narrower than the scope of the Organisation Classification System (OCS) in the VPA Agreement as stated above. The procedures for classifying enterprises according to Decree 102/2020/ND-CP are shown in Table 5.

Thus, according to Decree 102/2020/ND-CP, in the risk-based verification system, timber processing and exporting enterprises in Category 2 will be subject to a higher degree of control than Category 1 organisations. For example, when exporting timber, Category 2 enterprises need to have a certification on their packing lists from the local forest ranger before carrying out export procedures, while Category 1 enterprises are allowed to self-certify their lists. Category 2 enterprises will also be subject to a higher level of documentary checks and physical inspection of shipments before exporting. Viet Nam will provide legal provisions for the implementation of VNTLAS which includes detailed provisions on the procedures and requirements of the ECIS.

Procedures		Requirement/ Frequency
1. Periodic enterprise classification	Registration with the ECIS	All timber processing and exporting enterprises must register in the ECIS
	Self-assessment and self-reassessment by the organisation	• First self-assessment after registration in ECIS • Second self-assessment conducted for both Category 1 and 2 within one year of the first classification decision • 3rd and following assessments: + Category 1 enterprises: Every two years + Category 2 enterprises: Every year
	Appraisal of self-assessment and classification by Provincial FPD and notification to the Central FPD	After receiving the enterprise's self-assessment (within a certain period of time....)
	The Central FPD decides and announces enterprise classification	After receiving the appraisal of provincial FPDs (within a certain period of time.....)
2. Irregular business classification	Cases of administrative or criminal sanctions as prescribed in Clause 4, Article 12 of Decree 102	Central FPD will automatically reclassify and switch from Category 1 to Category 2 and announce the reclassification of enterprises

Table 5: Procedures for assessment and classification of timber processing and exporting enterprises according to Decree 102/2020/ND-CP *(Source: [7])*

1.3.5. Timber supply chain control

a)) What is a timber supply chain?

The timber supply chain is a system of organisations, people, technologies, activities, information and resources that move and/or change the shape and size of timber from the point of harvest or importation to the end selling point. The timber supply chain includes all stages that are directly or indirectly related to meeting the demands of timber and timber products of customers. The enterprise's timber supply chain and timber products include the stages of harvest, import, sale, transportation, processing, and export.

Viet Nam is one of the countries with a complex timber supply chain since there are many timber sources entering the supply chain of VNTLAS system with a large number of forest owners, intermediaries and enterprises participate in processing, trading and export. Based on the cycle of timber harvested from domestically grown forests, we see many entities and organizations participating in the timber supply chain from the point of harvest to the end selling point.

b) What is supply chain control?

Supply chain control aims to prevent the introduction of illegal or unverified timber into the supply chain.

Supply chain control is based on the requirements of Forest product dossier in each stage of the supply chain. VPA Agreement determines 6 crucial points in the supply chain of the VNTLAS System are including: (i) Timber sources entering VNTLAS; (ii) The first transactions and transportation; (iii) The third transactions and transportation; (iv) The next transactions and transportation; (v) Processing; and (vi) Export of timber. The relationships between controlling points are shown in the Figure 11.

Circular 27/2018 sets forth requirements for the content of a legal forest product dossier for different timber sources and for the next stages in the supply chain. Controls also include monitoring and reporting requirements for organisations and households; monitoring timber volumes within and between stages of the supply chain; and systematic, random and ad-hoc physical checks performed by verification entities

c) Regulations on domestic timber in VNTLAS

VNTLAS covers all domestic timber sources in Viet Nam, including timber harvested from production forest; timber from home gardens, farms and dispersed trees; rubber wood; and timber allowed to be harvested from natural forests. According to current regulations, natural forest timber is not allowed for main harvesting, but only for salvage harvesting and salvage collection. The required procedures for harvesting and requirements of legal forest product dossiers are stipulated in Chapter 3, Circular 27. VPA/FLEGT emphasises the responsibility of organisations and households when trading timber to ensure that only legal timber enters the supply chain and that harvesting complies with regulations on land-use rights, forest-use rights, management, environment, and society.

In principle, under VPA/FLEGT (illustrated in Figure 9), at all transaction stages of the supply chain, the timber seller shall prepare a packing list for the batch of timber that is being sold. The packing list is transferred to the timber buyer and is archived by the timber buyer, and the timber seller archives a copy of the packing list.

KEY CONTROLLING POINTS

NOTE:
Packing list of forest products (original) made by the timber owner when the timber is sold or transported internally is a mandatory part of the timber product dossier and circulating with the timber. The copy of the packing list is archived by the timber owner.

The number of transactions in the supply chain varies depending on the specific timber products and the stages at which the products are sold onto domestic or export markets.

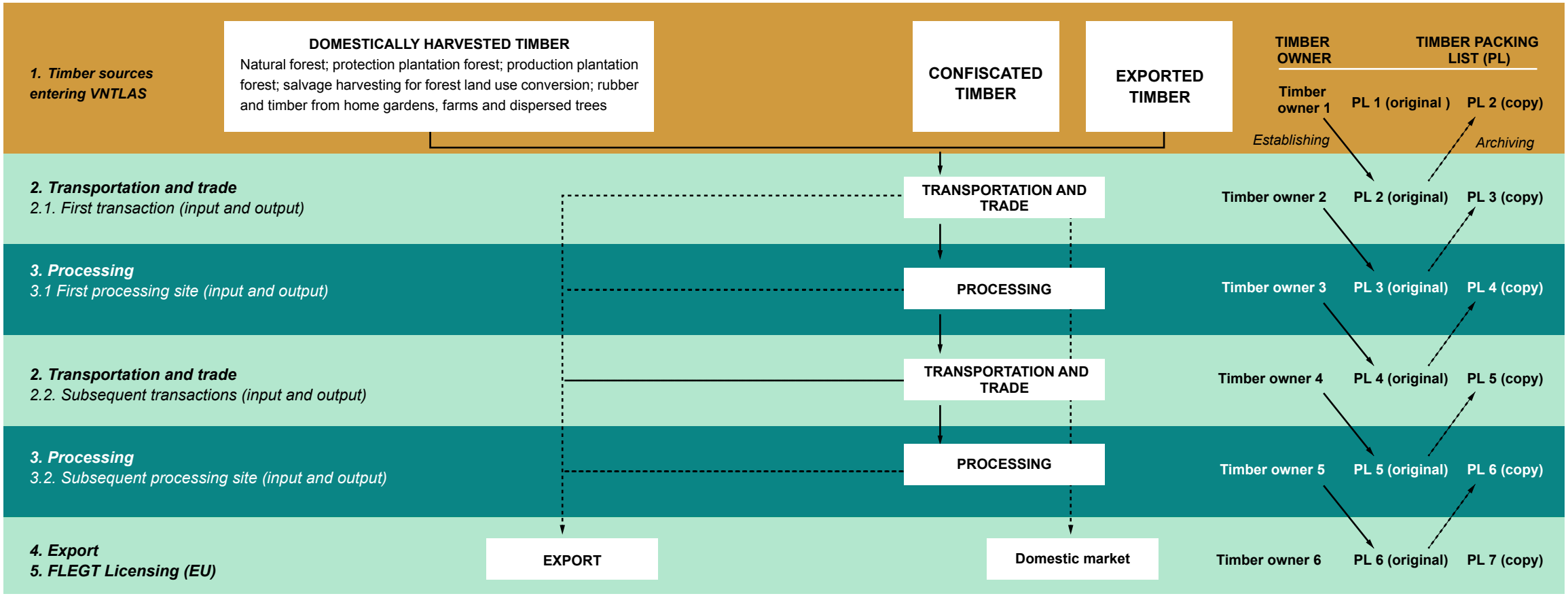

Figure 11: Supply chain control under VNTLAS

Packing list 1 is prepared by the first owner of the batch of timber at the entry points of the supply chain in the VNTLAS (i.e., harvesting, import, confiscated timber, etc.) and is archived by the first owner.

Packing list 2 is prepared by the first timber owner who sells a batch of timber to the second owner. Packing list 2 accompanies the batch of timber that is transferred to the second owner. Packing list 2 is archived by the second owner and the first owner retains a copy of packing list 2.

Packing list 3 is prepared by the second timber owner who sells a batch of timber to the third owner. Packing list 3 accompanies the batch of timber that is transferred to the third owner. Packing list 3 is archived by the third owner and the second owner retains a copy of packing list 3. Subsequent transactions along the supply chain follow a similar procedure.

Detailed content on Supply chain control will be described in more detail in Lesson 3 on Supply Chain Risk Management and Compliance Assessment.

d) Imported timber control in VNTLAS

Controlling imported timber is one of Viet Nam's important commitments in the VPA/FLEGT Agreement and has been institutionalized in Decree 102/2020/ND-CP. The detailed content of import wood control under the VPA/FLEGT agreement and ND 102/2020/ND-CP will be detailly presented in Lesson 2 on import wood control.

Decree 102/2020/ND-CP stipulates requirements for dossiers when trading and transferring ownership of imported timber (Clause 5, Article 4) which are similar to the provisions in VPA/FLEGT for all timber transactions in the supply chain (see Box 2).

However, Decree 102/2020/ND-CP does not stipulate the control of timber from main harvesting, salvage harvesting and collection; handled confiscated timber; or trading and processing timber. These points are prescribed in Circular No. 27, but this document mainly stipulates legal forest product dossiers at each transaction point in the supply chain. There are no specific regulations on the transference of forest product packing lists in the supply chain as required by VPA/FLEGT. Verification of the forest product origin (traceability of forest products) is only applicable in some cases (for example, when there is suspicion of the timber shipment).

Article 4. General regulations on management of imported timber (Decree 102/2020/ND-CP)….

5. Regulations on dossiers when trading and transferring ownership of imported timber:

a) In case the imported timber owner sells all or part of the imported timber shipment to one or more other timber owners: The imported timber owner shall make a packing list of timber extracted from the packing list of imported timber, make a copy of the imported timber dossier, sign and stamp (if any) and transfer to the timber buyer and archive the original imported timber dossier;

b) In case the timber buyer at Point a of this Clause sells all or part of the imported timber shipment to another timber owner: The timber seller shall make a packing list of timber extracted from the previous packing list, make a copy of the imported timber dossier, sign and stamp (if any) and transfer it to the timber buyer and archive a copy;

Box 2. General regulation on management of imported timber under Decree 102/2020/ND-CP/NĐ-CP

The supply chain control responsibility of the local forest protection authorities is clearly defined in VPA/FLEGT, which contains the technical work of forest rangers (Table 6).

No.	Responsibilities of forest protection authorities
1	Reception, recording and archiving of supply chain declarations by organisations and households.
2	Systematic, random and ad hoc physical inspections, in particular on the basis of the analyses of supply chain data.
3	Analysis of data to provide for volume-based reconciliations between: - Quantitative data at different stages of the supply chain; - Quantitative data of suppliers and buyers; - Data declared by organisations and households and the physical shipment of timber; - Input and output analysis at processing sites; and - Organisations and households in the context of investigations of suspicious timber flows.
4	Verification and endorsement of information in input and output monitoring books of organisations handling timber from domestic natural forests.
5	Inspection of input and output monitoring books of organisations as part of systematic inspection and ad hoc inspection on suspicion of risk.

Table 6: Responsibilities for supply chain control of the local forest protection authorities under VPA/FLEGT *(Source: [16])*

Supply chain control is conducted in accordance with a plan. Ad hoc checks are conducted on identifying or receiving any information on irregularities or any sign of violation by organisations and households. At each stage of the supply chain, the forest protection authorities examine the following factors:

I. conformity between the timber product dossier and actual timber;

II. archiving of the timber product dossier;

III. examination of other verifiers relevant to different categories of timber at each stage of the supply chain for households and organisations; and

IV. on identification of suspicious timber flows, checking consistency between suppliers and buyers.

Circular 27 (Article 42 - Inspection contents) clearly stipulates the responsibilities of local forest protection authorities, with many points compatible with the responsibilities of local forest protection authorities in timber supply chain control stipulated in VPA/FLEGT. However, there are points that are not as detailed as in VPA/FLEGT (Table 6). Detailed content on Supply chain control will be described in more detail in Lesson 3 on Supply Chain Risk Management and Compliance Assessment.

1.3.6. Verification of exported timber

Under VPA/FLEGT, a risk-based approach will also be applied to verifying timber exported to both EU and non-EU markets. For organisations, it will be based on the risk classification in the Organisation Classification System. Classifications applied to organisations by risk category and to households are as follows:

Category 1 Organisations: no additional verification

Category 2 Organisations: Documentary checks and physical checks on all shipments. Physical checks shall be carried out on a minimum of 20 % of the volume of each shipment.

Households: Documentary checks and physical checks on all shipments. Physical checks shall be carried out on a minimum of 20 % of the volume of each shipment.

Timber is verified at all stages of the supply chain prior to export. At the export stage, the exporter (organisation or household) shall prepare and submit a timber export dossier. Thus, when exporting, Category 1 organisations will self-certify their timber export dossier. Category 2 organisations and individuals must be certified by local forest protection authorities for their timber export dossier before exporting.

Under Decree 102/2020/ND-CP/NĐ-CP, a risk-based approach shall also be applied to verify timber exported to both EU and non-EU markets. For enterprises, it will be based on the risk classification in the Enterprise Classification System. Category 2 enterprises: Documentary checks and physical checks on all shipments. Physical checks shall be carried out on a minimum of 20 % of the volume of each shipment. In case there is information of violation, the inspection rate can be increased (Point d, Clause 6, Article 9). Decree 102/2020/ND-CP stipulates that timber export dossiers are compatible with the requirements of VPA/FLEGT. Accordingly, timber shipments exported to the EU market must have a FLEGT license (Box 3).

Article 10. Timber export dossier

When performing customs procedures for exported timber shipments, besides customs dossiers prescribed by regulations on customs, the owner of exported timber must submit the following documents to the customs authority where the declaration is made:

1. In case of timber included in CITES Appendix: The original or an electronic copy of the CITES export permit issued by the CITES management authority of Viet Nam.

2. In case of timber not included in CITES Appendix:

a) Timber shipments exported to the EU market: The original or an electronic copy of the FLEGT license;

b) Timber shipments exported to non-EU markets:

In case the timber owner is a Category I enterprise: The original packing list of exported timber made by the timber owner.

In case the timber owner is not a Category I enterprise: The original packing list of exported timber prepared by the timber owner, certified by the local forest protection agencies

Box 3. Timber export dossier under Decree 102/2020/ND-CP/NĐ-CP

a) Procedure for preparing and verifying timber export dossiers for Category 1 organisations according to VPA and Decree 102/2020/ND-CP (Figure 12):

The organisation prepares and self-certifies its timber packing list and prepares a timber product export dossier according to regulations. In case of exporting to a market outside the EU, the organisation shall submit the timber product export dossier and the customs dossier to the Customs Authority. In case of export to the EU market, the organisation sends the timber product export dossier enclosed with the application to the FLEGT Licensing Authority to apply for a FLEGT license. The organisation then submits the timber product export dossier, FLEGT License and customs dossier to the Customs Authority.

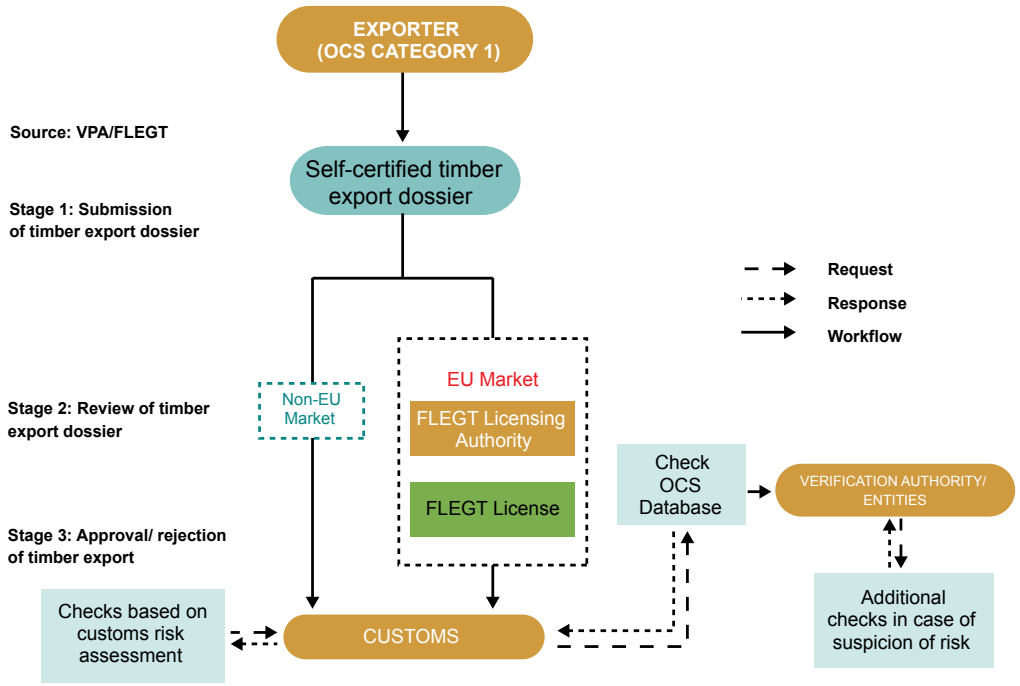

Figure 12: Export Verification - Category 1 organisations

(Source: [16])

b) Procedure for preparing and verifying timber export dossiers for Category 2 organisations according to VPA and Decree 102/2020/ND-CP (Figure 13):

Organisations and households prepare packing lists of forest products, prepare timber product export dossiers, and submit the timber product export dossier (original) to the local forest protection authorities for certification of the forest product packing list. In case the organisation has no violations, the local forest protection authorities will conduct a physical inspection with a minimum rate of 20% of the volume of the shipment and confirm the forest product packing list. In case of exporting to a market outside the EU, the organisation shall submit the timber product export dossier and the customs dossier to the Customs Authority. In case of export to the EU market, the organisation sends the timber product export dossier enclosed with the application to the FLEGT Licensing Authority to apply for a FLEGT license. The organisation then submits the timber product export dossier, FLEGT License and Customs dossier to the Customs Authority to complete the timber export procedure

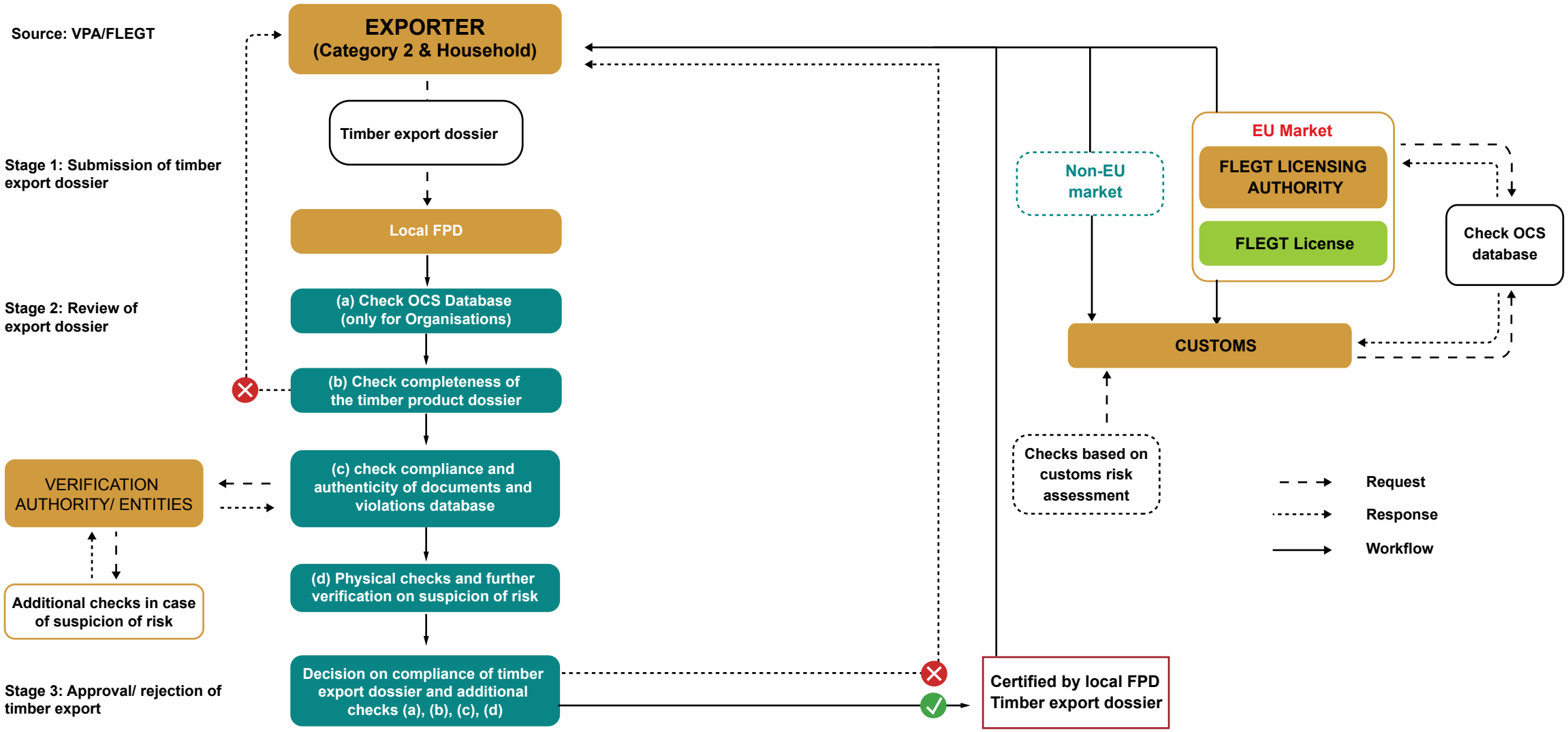

Figure 13: Export Verification – Category 2 organisations
(Source: [16])

1.3.7. FLEGT Licensing Scheme

Decree 102/2020/ND-CP, basically, internalises regulations on the FLEGT licensing scheme in VPA/FLEGT and can be summarised as follows.

a) FLEGT licenses

FLEGT licenses are documents issued by the CITES Management Authority of Viet Nam for export and temporary import for re-export of timber shipments (except for shipments made from handled confiscated timber) to the EU in accordance with the provisions of this Decree, the VPA/FLEGT and other relevant regulations (Clause 2, Article 3). When VNTLAS is fully operational in accordance with the provisions of VPA/FLEGT, Viet Nam will begin to grant FLEGT licenses for shipments of timber and timber products exported to the EU market.

b)) FLEGT licensing authority in Viet Nam: Viet Nam CITES Management Authority

c) FLEGT licensed products

FLEGT licensed timber products are those specified in Appendix III of Decree 102/2020/ND-CP as well as Appendix I of VPA/FLEGT, including all products under EU regulations on establishment of the FLEGT licensing scheme, such as: round timber, sawn wood, railway sleepers, plywood and veneers, wood chips, wood for boards and floors, particle boards, wood fibre boards and wooden furniture. VPA/FLEGT does not include products made from rattan and bamboo.

d) FLEGT licenses, the licensing scheme and scope of application

A FLEGT license is issued for each shipment of timber and timber products exported to the EU. This means that a FLEGT license will be issued for a shipment of an exporter to a point of entry – country and customs point – into the EU. One FLEGT license cannot be used to declare at multiple EU customs offices (only one customs office). A FLEGT license cannot be issued to an exporter with multiple export shipments.

Decree 102/2020/ND-CP guides the FLEGT licensing scheme, including requirements for documentation and application procedures for a license (see Figure 13). It is expected that a computer-based online system will be developed for FLEGT licensing. A FLEGT license can be issued in paper or electronic form. The exporter needs to apply for a license and obtain it from the licensing authority before performing export procedures.

When a shipment with a valid FLEGT license is allowed to enter the EU through a point of import after customs clearance and FLEGT license acceptance, the goods on that shipment will be freely circulated in the whole EU market.

Timber covered by CITES regulations is subject to the same control and verification by VNTLAS as other types of timber. The CITES Management Authority of Viet Nam will issue CITES permits for shipments to the EU containing only timber under CITES regulations. Under the FLEGT regulation, timber and timber products covered by CITES regulations are exempted from the FLEGT licensing requirements. Shipments that do not contain CITES regulated timber will require a FLEGT license.

The maximum validity period of a FLEGT license is six months from the date of issuance. FLEGT licenses can be renewed once. The validity period of FLEGT licenses may be extended for a maximum of 2 months from the date of issuance or renewal.

e) FLEGT licensing plan in Viet Nam

VPA/FLEGT is being implemented; however, it will take some time before the Agreement is fully operational. First, Viet Nam will issue legal regulations to guide the operation of VNTLAS and the FLEGT licensing scheme. Systems will then be set up, including a verification and licensing database.

Prior to the commencement of FLEGT licensing, Viet Nam and the EU will conduct a joint readiness assessment of VNTLAS. The purpose of this assessment is to determine whether VNTLAS is established and fully operational with all the functions as expected by VPA/FLEGT. Based on the operational readiness assessment, Viet Nam and the EU will agree on when the FLEGT licensing scheme will start.

1.3.8. Inspection, internal inspection, complaint and response mechanism in VNTLAS System

a) Inspection, internal inspection

Internal inspection and inspection are a component of the VNTLAS system, which is carried out in accordance with the Law on Inspection. Inspection activities aim to detect gaps in management mechanisms, policies and laws to recommend solutions to state agencies, prevent, detect and handle of violations of law, support government agencies, organizations and individuals in complying with the provisions of law, protect the interests of the State, the legitimate rights and interests of individuals and organizations, and respond to complaint settlement requests as prescribed in Section below.

Internal inspection and inspection will apply to components from 1 to 5 of VNTLAS system. Internal inspection and inspection are operating according to the functions of state management agencies and is not directly related to the FLEGT licensing for each shipment. The results of inspection and internal inspection of the implementation of VNTLAS system will be shared on time with JIC and Independent assessment units in accordance with Vietnamese law. Inspection and internal inspection of VNTLAS system can be conducted at JIC's request.

Inspection and internal inspection shall be carried out at all levels, sectors and by competent authorities, including: The Government Inspectorate, provincial and district inspectorates; specialized inspection departments within central ministries and specialized agencies at the provincial level; and by the People's Inspection Committees. Inspection activities are carried out as planned, frequently or unexpectedly when there are signs of law violations detected by government agencies, organizations or individuals.

Inspection and internal inspection include administrative and specialized inspections in specific sectors and fields, including the implementation of laws, regulations and management mechanisms, performance of tasks and powers of Government agencies and organizations and individuals under the management of these agencies.

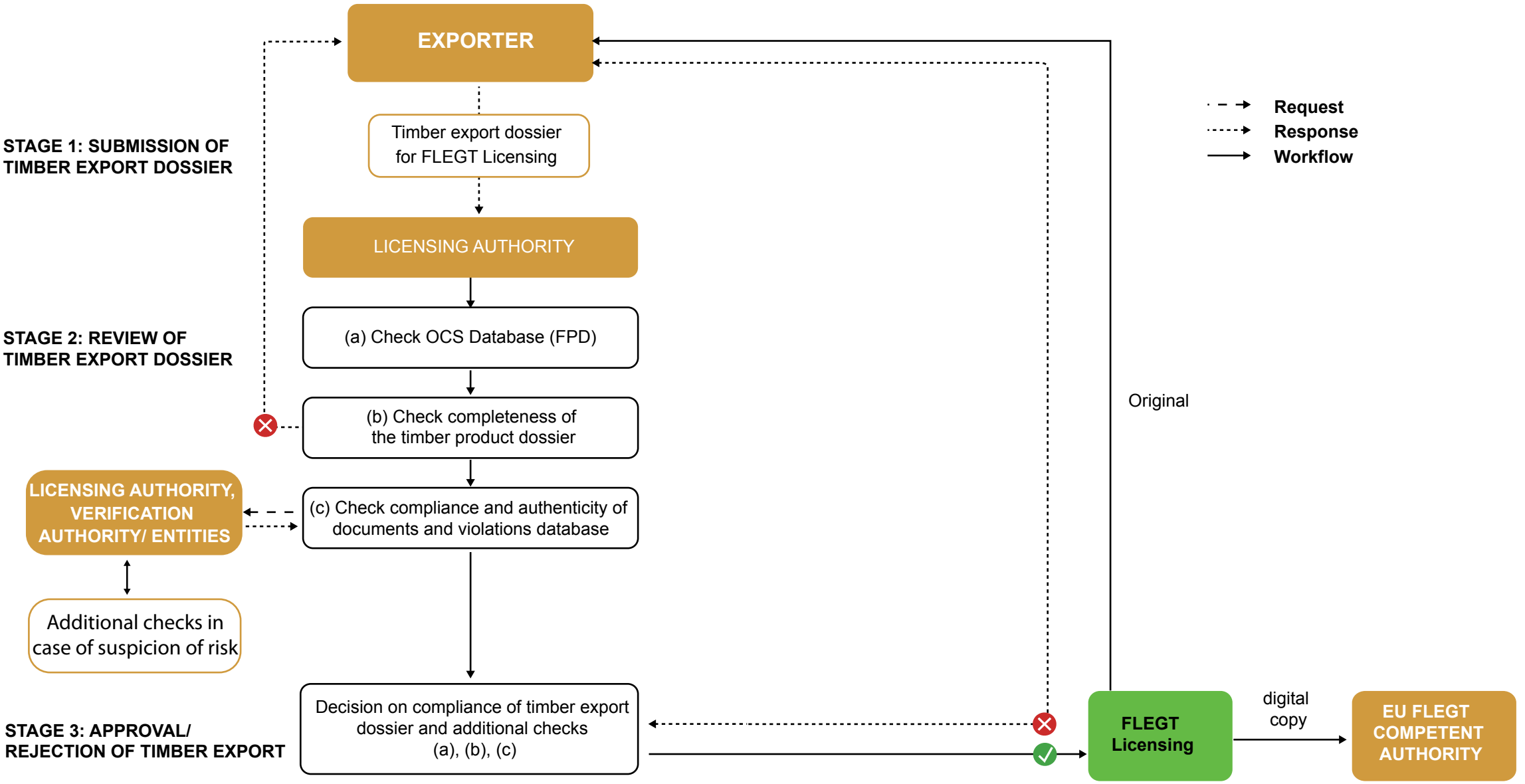

Figure 14: FLEGT Licensing Procedure
(Source: [16])

b) Complaint and response mechanism

Complaints by organizations and households related to VNTLAS implementation and FLEGT licensing are subject to the provisions of the Law on Complaints. This Law prescribes the procedures for complaints of domestic or foreign organizations and individuals and settlement of complaints about administrative decisions or administrative actions of state agencies or personnel in these agencies. The receipt, response and settlement of complaints must follow the process of internal inspection and examination as prescribed in Section a above.

Verification agencies, licensing agencies and the Vietnam Administration of Forestry will receive questions, complaints and denunciations directly from organizations and individuals or through representatives of timber associations and socio-political organizations. This also includes cases of anonymous denunciations (without the name and address of the whistle-blower) but the denunciation is clear and provides specific evidence related to corrupt act and illegal act offense. The identities of all whistle-blowers will be protected.

Feedback on the implementation of the VNTLAS System can be provided through policy dialogues and forums of the Government, associations, socio-political organizations and non-governmental organizations in accordance with the law of Viet Nam. Results of forums and policy dialogues related to VNTLAS implementation will be regularly reported to JIC.

1.3.9. Independent evaluation

An independent evaluation is a periodic assessment of the implementation, effectiveness and reliability of the VNTLAS System. At the same time, an independent evaluation will identify potential weaknesses and risks in the VNTLAS System and implementation organization and propose solutions.

The terms of reference for the Independent Evaluator, including the objective, scope, qualification requirements of the Independent Evaluator, methodology and duration of the assessment, are set forth in Annex VI of the Agreement. VPA/FLEGT and Section 2 of Chapter IV (Articles 22 to 24) of Decree 102/2020/ND-CP.

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2

CUSTOMS REGULATIONS FOR EXPORTED/ IMPORTED TIMBER AND TIMBER PRODUCTS

2.1. CUSTOMS PROCEDURES, PROCEDURES AND DOSSIERS FOR IMPORTED TIMBER BEFORE THE VPA/FLEGT AGREEMENT AND DECREE NO. 102/2020/ND-CP TAKE EFFECT

2.1.1. Situation of importing wood into Viet Nam and difficulties in controlling imported wood

Every year, Viet Nam must import timber materials to serve production (about 25-30% of timber materials). In 2020, Viet Nam's timber and SPG import turnover is 2.56 billion USD, estimated at 4 million m^3 of round wood. Round wood, sawn wood, and artificial plywood are the main group imported into Viet Nam to serve the demands of processing for domestic consumption and export

Difficulties in imported timber management

Viet Nam imports timber from more than 80 countries around the world, especially tropical timber from Africa, some countries in South America, Laos, Cambodia and Papua New Guinea. According to the criteria for imported timber classification of Decree 102/2020/ND-CP, this is a high-risk source of timber. It is estimated that high-risk timber accounts for about a third of total timber imports from all sources. This timber source is imported into Viet Nam mainly used for domestic consumption[27]. Although state management agencies have made great efforts in controlling imported timber to ensure that only legal timber is imported into Viet Nam, there still exists some difficulties as follows:

- Customs agencies and importing enterprises do not have enough information related to legal regulations on legal timber of the harvesting/exporting country and cannot verify the authenticity of the dossier.

- Difficulty in identifying the name of imported timber species because many species have only local names, have not yet identified scientific names, the same timber species but different names and risk level hierarchy varies between countries.
- Vietnamese timber importers are not accustomed to performing special due diligence, filling out information on the declaration of origin of imported timber in accordance with Decree No. 102/2020/ND-CP.
- The origin fraud, illegal transmission in importing timber have been increasingly sophisticated (e.g. enterprises importing furniture parts from China or plywood items cut into shapes as the frame and bottom of the sofa but declared to be imported timber material), which makes it difficult for state management agencies to control and verified.
- The coordination between state management agencies responsible for imported timber management is not sufficient and effective.

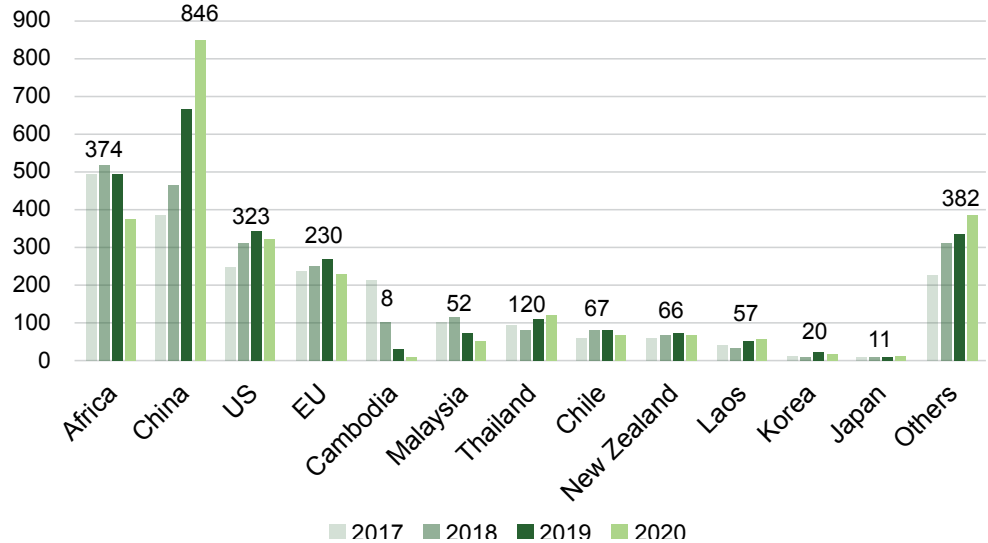

Figure 15: Value of importing timber materials from the Viet Nam main markets in the period of 2017-2020

Unit: million USD (Source: [17])

2.1.2. Customs and specific legal requirements for imported timber before the Agreement on VPA/FLEGT and ND 102/2020/ND-CP

According to the law, customs agencies have to perform the function of state management of exports and imports in general and timber and timber products in particular. The performance of the duties of customs agencies on the basis of the current legal provisions on Customs, tax administration and specialised legal documents promulgated by ministries and agencies. At the same time, it shall implement treaties in international conventions and agreements that Viet Nam has signed and participated in through the internalization of legal documents. The Voluntary Partnership Agreement (VPA) between the Viet Nam Government and the European Union on the implementation of forestry law enforcement, governance and trade (VPA/FEGT) was approved by the Government and came into effect on June 1, 2019. However, the implementation is in

fact based on the provisions of the Government's Decree No. 102/2020/ND-CP dated September 01, 2020.

Before the VPA Agreement and Decree 102/2020/ND-CP was issued and came into effect, state regulations on Customs and specialize regulations to timber and timber products (Chapter 44 and 94 in HS CODE), included some main legal requirements as follow:

- The 2014 Customs Law (Clause 1, Article 35) stipulates on functions, tasks and competences of customs agencies and customs officers in the importing and exporting goods management. In the area of customs operation, customs agencies are responsible for hosting and coordinating with relevant agencies in carrying out inspection, supervision and control of timber import and export in accordance with Vietnamese law and international treaties to which Viet Nam has signed.
- Decree No. 08/2015/ND-CP; ND 59/2018/ND-CP amends and supplements a number of articles of Decree No. 08/2015/ND-CP: Detailed regulations and measures for enforcement of customs laws on customs procedures, customs inspection, supervision and control.
- Circular No. 38/2015/TT-BTC; Circular No. 39/2018/TT-BTC amending and supplementing a number of articles of Circular No. 38/2015/TT-BTC on customs procedures, customs inspection and supervision, import and export tax and import and export tax management.
- The 2007 Law on Product and Goods Quality (Clause 1, Article 35) stipulates: *"The product and goods quality inspection agency shall notify the importer of the inspection results and confirm that the goods have met the quality requirements to complete the import procedures with the customs authority."*
- The 2017 Forestry Law (Clause 6, Article 9) stipulates: *"It is strictly forbidden to illegally store…, export, and import … forest products."*
- Decree No. 06/2019/ND-CP dated 22 January 2019 (replacing Decree No. 82/2006/ND-CP dated 10 August 2006) stipulates the list of endangered, precious and rare wild fauna and flora species; the regime of management and protection, and procedures for exploiting endangered, precious and rare species of wild fauna and flora; raising of common wild animals; and implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora in Viet Nam.
- Circular No. 27/2018/TT-BNNPTNT (November 16, 2018) stipulates on management and traceability of forest products. *Article 17 regulates on import forest products dossiers*

2.1.3. Customs procedures when importing timber before Decree No. 102/2002/ND-CP comes into effect

Timber items similar to other goods when being imported will follow the general customs clearance process as shown in Figure 16 below.

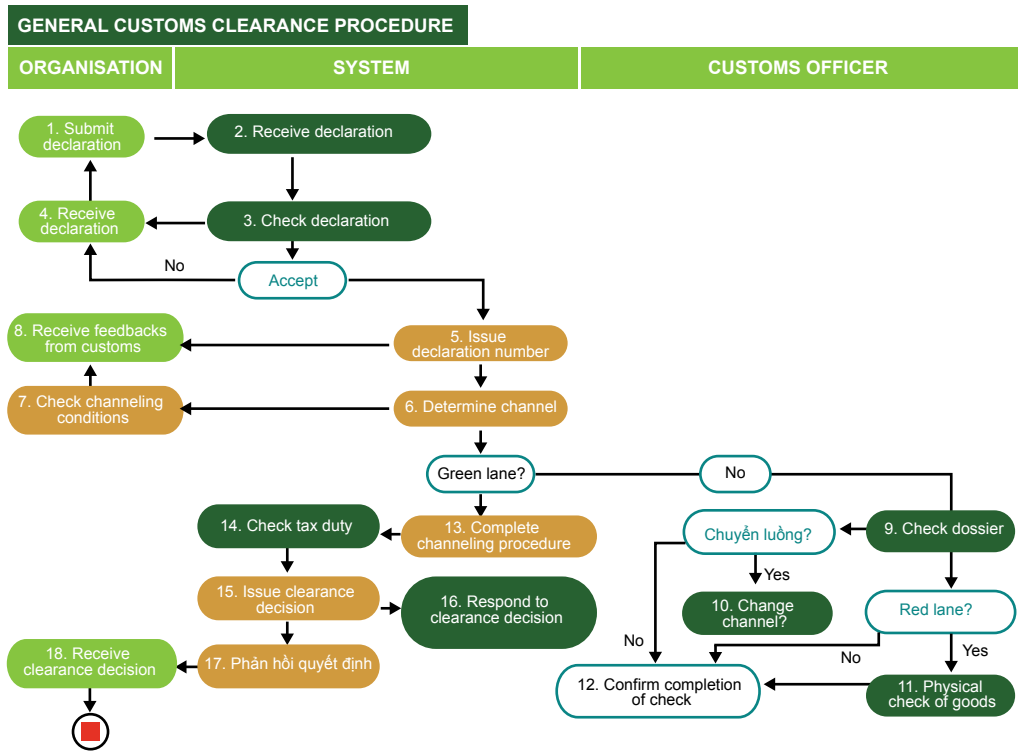

Figure 16: General customs clearance procedures

2.1.4. Customs dossiers for imported timber before the VPA/FLEGT agreement and Decree No. 102/2020-CP come into effect

Before Decree No. 102/2020/ND-CP is issued, according to Article 17, Circular No. 27/2018/TT-BNNPTNT dated November 16, 2018 regulating the management and traceability of forest products, the imported forest product dossier includes the following documents:

- Customs declaration under recent regulations.
- List of imported timber (packing list) made by the forest products owners or foreign organisations, individuals exporting forest products;
- Copy of CITES license for imported species included in the CITES Appendix licensed by Viet Nam CITES Management Authority;
- Copies of the documents on the forest products origin under the regulations of exporting country

Therefore, before Decree 102/2020/ND-CP was issued, customs dossiers for imported timber goods included the following documents:

- Customs declaration (02 original versions if declare directly in paper)
- Commercial invoice (01 copied version)
- Bill of Lading or equivalent transport document; (01 copied version)
- CITES license for imported species included in the CITES Appendix; (01 copied version)

- Documents on the forest products origin under the regulations of exporting country (Copied version)
- List of imported timber (packing list) made by the forest products owners or foreign organisations, individuals exporting forest products;
- Phytosanitary license for round wood, sawn wood, pallets, wood chips (1 original version);
- Value declaration: customs declaring person must declare the value declaration by form, sent to the system as digital data

2.2. CUSTOMS DOSSIERS FOR IMPORTED TIMBER BEFORE THE VPA/FLEGT AGREEMENT AND DECREE NO. 102/2020-CP COME INTO EFFECT

2.2.1. New points in timber import management under VPA/FLEGT Agreement and Decree 102/2020/ND-CP

The management and control of timber imported into Viet Nam need to be strict to remove illegal imported timber without causing congestion or creating an administrative burden for importing enterprises and border-gate customs forces, which is the most difficult content in the process of negotiating the VPA/FLEGT Agreement with the EU. Finally, the both sides agreed to apply a risk-based management method to manage, and control imported timber, and this is considered one of the important commitments of the Agreement. The Viet Nam Government has institutionalized these commitments in **Articles 4, 5, 6, 7 of Section 1, Chapter II of Decree No. 102/2020/ND-CP**. Accordingly, it will apply a risk-based verification approach to managing imported timber. The basic new points in the management of timber imported into Viet Nam include:

- Apply two additional risk filters: risk species group and risk geographical regions;
- Due diligence for the origin of imported timber;
- Request for information provisioin;
- Request for additional documents;
- Risk-based verification for imported timber shipments

2.2.2. Species risk and geographical region risk

Besides the risk classification system of Viet Nam customs, imported wood will be applied the following two risk filters:

- Timber species:
  - + High risk species
  - + Low-risk species
- Geographical origin:
  - + Positive geographical region (low risk)
  - + Non-positive geographical areas (high risk)
- *Criteria for risk species classification* are stipulated in **Article 6, Decree 102/2020/ND-CP** as:
  - + Timber is categorised as high- risk species imported into Viet Nam if it meets one of the following criteria:

I. Timber in CITES annexes;

II. Timber belongs to the List of endangered, precious and rare forest plants and animals of Group IA, Group IIA; The list of rare species prioritized for protection under Viet Nam regulations and laws;

III. Timber imported to Viet Nam for the first time;

IV. Timber at risk of extinction in the harvesting country of illegal trade is determined by the Ministry of Agriculture and Rural Development in collaboration with relevant ministries and organizations.

  - + Low-risk species do not belong to any of the above groups.
- *Criteria for high-risk geographical regions classification* are specified in **Article 5, Decree 102/2020/ND-CP:**
  - + Countries in the positive geographical regions (low risk) export timber to Viet Nam when ensuring 01 of the following criteria:

I. Having a Timber Legality Assurance System and FLEGT licensing in operation;

II. Having a national law on the due diligence of the timber legality for the entire supply chain from the harvesting country in accordance with the VNTLAS System;

III. Having a Government Performance Index of 0 or higher according to the World Bank's annual ranking of the World Governance Index (WGI); and have the regulations system on CITES implementation is class I published by the CITES Secretariat and meets one of the following two criteria:

- o The country has signed a bilateral agreement with Viet Nam on legal timber, recognized by Viet Nam; or
- o The country has a mandatory national timber certification system recognized by Viet Nam.

  - + Countries that are considered non-positive geographical regions are countries that do not satisfy any of the above criteria.

On 27 November 2020, MARD had issued the *Decision No.4832/2020/QD-BNN-TCLN* to public the List of timber species imported into Viet Nam and the list of positive geographical regions that export timber to Viet Nam. According to this Decision, there are *322 timber species* identified for importing into Viet Nam and *51 countries identified as belonging to positive geographical regions*. On June 30, 2021, the Ministry of Agriculture and Rural Development issued *Decision No. 2905/QD-BNN-TCLN* replacing Appendix 1 announcing the list of timber species imported into Viet Nam. According to this new Decision, there are *795 timber species* imported into Viet Nam.

On November 27, 2020, the Ministry of Agriculture and Rural Development also issued official Letter No. 8259/BNN-TCLN to the Ministry of Finance guiding the application of current legal documents to the List of high-risk species including:

I. endangered, precious and rare species which are prioritized for protection issued together with the Government's Decree No. 64/2019/ND-CP dated July 16, 2019;

II. timber on the List of endangered, precious and rare forest plants and animals of Group IA and Group IIA issued together with the Government's Decree No. 06/2019/ND-CP dated January 22, 2019;

III. timbers under the CITES Annexes according to Notice No. 296/TB-CTVN-HTQT dated November 27, 2019 of CITES Viet Nam.

2.2.3. Requirements on performing due diligence and imported timber origin declaration

According to Decree 102/2020/ND-CP, if a shipment of imported timber do not have a CITES permit or a FLEGT license, the owner of the imported timber shall exercise due diligence by declaring the origin of imported timber (Annex 3 of Decree 102/2020/ND-CP). Depending on the risk level of imported timber shipments, enterprises must submit additional documents proving the legality of imported timber shipments as prescribed in Table 7 below.

No.	Risk level of imported timber shipment		Risk-based verification measures for imported timber shipment
	Species risk	Geographical origin risk	Supplementing documents
1	Low	Low (Positive)	No
2	Low	High	Yes
3	High	Low	Yes
4	High	High	Yes

Table 7: Risk level of imported timber shipments and risk-based verification measures
(Source: [23])

Due diligence: the importers have to exercising due diligence to ensure the legality of the imported timber that are legally harvested, produced and imported in accordance with the relevant regulations of the harvesting country. Due diligence means importers must collect information from suppliers in other countries, analyse the information to identify any risks of illegality, and apply risk mitigation measures for timber origin. According to VPA/FLEGT Agreement, risk assessment covers following areas: harvesting rights, forestry activities, taxation and fees, trade and customs of harvesting countries.

Declaration requirements: The timber importer needs to complete a declaration explaining its justification activities. The declaration applies to all timber shipments imported into Viet Nam, except for timber with CITES license or FLEGT license. The declaration will be submitted together with customs records in accordance with current regulations.

The declaration of origin of imported timber is specified in Form No. 03 of Decree 102/2020/ND-CP, consisting of 4 groups of information as follows:

A. General information about imported shipments: name and address of timber owners imported or exported; description of goods, HS code, scientific name, trade name of species, volume, packing list, exporting country, country where the exploitation is exploited....

B. The level of risk of the imported shipment: depending on the status of the shipment, the owner of imported timber determines whether the timber belongs to a positive or non- positive geographical region; belongs to risk or non-risk species

C. Additional documents: if timber imported from risk species or from non-positive geographical regions (timber materials and mixed timber products) will have to add additional documents proving the legality of imported timber shipments

D. Additional measures to minimize risks related to the legality of shipments in accordance with regulations of the harvesting country;

2.2.4. Identify the level of risk and requirements for additional documents for imported timber shipments

- *Regarding identifying the risk level of imported timber shipments,* there will be a difference between the VPA/FLEGT Agreement and the Decree 102/2020/ND-CP. According to Table 2.1 on the risk level of imported timber shipments and risk-based verification measures, the VPA/FLEGT agreement stipulates that there will be 3 risk cases that are when importing timber shipments with risk species **AND/ OR** from non-positive geographical regions, while according to Decree 102/2020/ ND-CP only stipulates 2 cases of such risks as when importing timber shipments with risk species **OR** non-positive geographical regions.
- *Regarding the objects that need to supplement documents on the legality of the imported timber shipments:* If the shipment of imported timber from the risk species or from the non-positive geographical regions, additional documents proving the legality of the imported timber shipments must be added.
- *Regarding additional documents:*
  + For timber material:
    I. Voluntary certificates of international organizations or national certificates recognized by VNTLAS system;
    II. Harvesting licenses in accordance with the laws of the harvesting country; or
    III. In case the harvesting country does not provide the harvesting permit, it is proposed to provide additional documents to prove the legality of the timber in accordance with the laws of the harvesting country.
    IV. In case there are no harvesting documents, request to provide additional information proving the timber origin legality in accordance with the laws of the harvesting country.
  + For mixed timber products:
    I. Voluntary certificates of international organizations or national certificates recognized by VNTLAS system;
    II. In case are no harvesting documents or harvesting permit, an alternative document proving the legality of the timber in accordance with the laws of the harvesting country

2.2.5 Customs dossiers for each channel of imported timber under Decree 102/2020/ND-CP

Imported timber control under VPA/FLEGT and Decree 102/2020/ND-CP are generally described as in Figure 17 below.

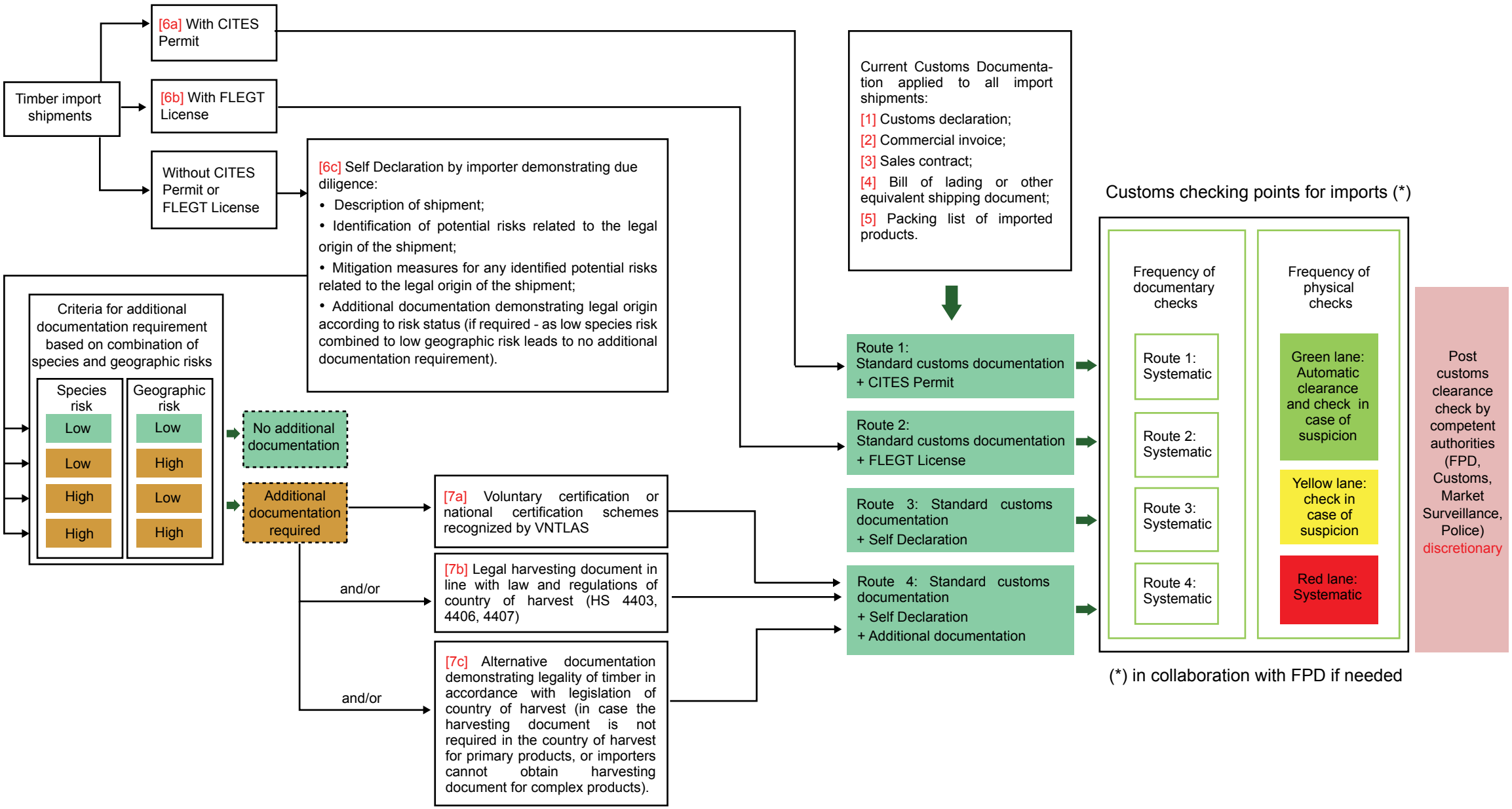

Figure 17: Imported timber control under VPA/FLEGT and Decree 102/2020/ND-CP
(Source: [23])

According to Firgure 17, the requirements on performing due diligence, customs dossiers, additional documents for each channel of imported timber under regulations of Decree 102/2020/ND-CP as in Table 8 below.

Types of Timber import	Due diligence	Timber import dossier
1.Imported timber **WITH** CITES permit	Considered legal timber; automatic customs clearance; **NO** due diligence (imported timber origin declaration form) required.	- Customs dossier as stipulated in Article 16 of Cir. 38 and Cr. 39; - Packing list of imported timber; - CITES permits (of exporting country and Viet Nam or FLEGT License) – copy
2. Imported timber **WITH** FLEGT license	Considered legal timber; automatic customs clearance; **NO** due diligence (imported timber origin declaration form) required	- Customs dossier as stipulated in Article 16 of Cir. 38 and Cr. 39; - Packing list of imported timber - original; - FLEGT License – copy
3. Imported timber **WITHOUT** CITES permit and FLEGT license, categorised as low-risk shipment and coming from positive geographical regions	Due diligence **REQUIRED** (imported timber origin declaration form) before custom clearance; **NO** additional documents required	- Current customs dossier; - Packing list of imported timber - original; - Imported timber origin declaration - original
4. Imported timber **WITHOUT** CITES permit and FLEGT license, categorised as high-risk shipment and/or coming from non-positive geographical regions	Due diligence **REQUIRED** (imported timber origin declaration form) before custom clearance; Additional documents **REQUIRED**	- Current customs dossier; - Packing list of imported timber - original; - Imported timber origin declaration – original - Additional documents

Table 8: The requirements of due diligence, customs dossiers for each channel of imported timber into Viet Nam

- Current customs dossier: is a set of customs dossiers containing the following documents as stated in section 2.1.4 and described in general as table below.
- Additional documents: are the types of papers that importers must submit additionally for imported timber shipments that are at risk when carrying out customs declaration procedures as stated in Section 2.2.4. above and described in general as Table 9 below.

Current customs dossier	Additional documents
1. Declaration of imported forest products (to submit 02 originals if the customs declaration is done by paper) 2. Imported goods sale and purchase contract (copy) 3. Commercial invoice or equivalent document (copy) 4. Bill of lading or equivalent document (copy) 5. Proof of origin: (original) or documents in the form of electronic data (FTAs or international treaties...) 6. List of imported timber certified by the border gate HQ (original) 7. CITES Permit (for CITES timbers) 8. Documents on the origin of forest products according to the regulations of the exporting country. 9. Plant inspection paper for logs, sawn timber, pallets, wood chips (original) 10. Value declaration	**- For material timber:** (1) Voluntary certificate or national certificate of the exporting country (copy). (2) License or document proving permission to harvest timber (copy). (3) If the country where the timber is harvested does not provide for a logging license, other additional documents (copy) is required. (4) If there are no harvesting documents, additional information is required. **- For mixed timber products**: (1) Voluntary certificate or national certificate of exporting country (copy). (2) If there is no permit or logging document, a document proving the legality of the timber is required (copy).

Table 9: Current requirements on customs dossier and additional documents of high-risk imported timber shipments

2.2.6. Inconsistencies/Gaps between VPA/FLEGT Agreement and Decree 102/2020/ND-CP on imported timber management

Between the VPA/FLEGT Agreement and Decree 102/2020/ND-CP, there are inconsistencies/gaps on the imported timber management as described in Table below. These inconsistencies will be discussed by Viet Nam and the EU at the technical level and the Joint Implementation Committee (JIC) to find solutions, especially Viet Nam will gradually improve the legal documents before the VNTLAS system's operational readiness for FLEGT licensing is assessed by the both sides.

Discrepancies	VPA/FLEGT	Decree 102/2020/ND-CP
1. Publication of the list of high-risk species	The Ministry of Agriculture and Rural Development publishes the List of at-risk species based on the four criteria agreed in the Agreement	The Ministry of Agriculture and Rural Development has issued 2 Decisions announcing the list of timber species that have been imported into Vietnam: Decision No. 4832/2020/QD-BNN-TCLN dated November 27, 2020 and Decision No. 2905/QD-BNN-TCLN dated June 30, 2021.
2. Publication of voluntary and national certificates recognized by VNTLAS system	- The evaluation of voluntary certificates and national certificates will be conducted using a method approved by the Joint Implementation Committee (JIC). - VN decides the list of certificates and shares information with JIC	- Decree 102 does not provide details on voluntary certificates or certificates only countries recognized by VNTLAS. - On January 5, 2021, TCLN issued Document No. 09/TCLN-KL announcing the list of 44 countries with forest certification schemes under PEFC that will be recognized by Vietnam without sharing the methodology with the EU and JIC
3. Determination of risk level/ Subject who must submit additional documents	High-risk imported timber shipments are those subject to species and/ or geographical origin risks	High-risk imported timber shipments are those subject to species or geographical origin risks
4. Subjects who must inform on risk mitigation measures	Imported shipments without FLEGT and CITES permits can be either high- or low-risk	Import shipments without FLEGT and CITES permits are considered high-risk

Table 10: Inconsistencies/Gaps between VPA/FLEGT Agreement and Decree 102/2020/ND-CP on timber import control

2.3. RISK MANAGEMENT, INSPECTION AND ORIGIN DETERMINATION, COOPERATION BETWEEN AGENCIES IN IMPORTED TIMBER MANAGEMENT

Viet Nam is in the process of deep integration into the world economy, international trade is constantly increasing, import and export turnover of the next year increased more than the previous year. Therefore, the task of state management of goods imported and exported across borders is assigned by the Government to Customs that have special importance to the country.

To inspect and monitor goods and means of transport, prevent smuggling and illegal cross-border transportation of goods for export, import and transit, enforce taxation and management policy for export and import of goods in general and timber goods in particular, risk management is applied by the customs authority.

2.3.1. What is customs risk management?

According to the 2014 Customs Law, *"risk management is the application of a system of specialised measures and processes by the customs authority to identify, assess and classify risks, as a basis for allocating reasonable resources to effectively inspect, monitor and support other professional measures".*

According to the provisions of the VPA/FLEGT Agreement (Clause 6.3.7.1): "*...importers shall take responsibility for the legality of imported timber in accordance with the relevant legislation of the country of harvest. For this purpose, they shall exercise due diligence over the legal origin of imported timber, which covers collection of information, risk assessment and mitigation of any identified risks".*

According to Decree 102/2020/ND-CP of the Government, *"imported timber is managed by applying risk management measures to prevent, detect, stop and promptly handle legal violations…"* (Article 4, Clause 2). In customs operations, "risk" is understood as the possibility of not complying with customs laws, tax laws, and specialised laws in the export, import, and transit of goods and of vehicles.

In customs operations, *"Application of risk management is the application of risk management principles, processes, measures and techniques and risk management information products to make and implement decisions on customs inspection, monitoring, post clearance inspection, examination and other operations".*

Principles in customs risk management including:

I. Creating maximum favourable conditions for commercial activities;

II. Encouraging self-discipline of customs management subjects (such as timber importers);

III. Distinguishing inspection subjects to apply different information-based inspection modes. Divided into 3 lanes for customs inspection: Green lane, Yellow lane and Red lane.

IV. Prioritising control over subjects who do not comply with the law and procedures.

V. Organizing the operation of customs on the basis of science, objectivity and democracy.

So far, risk management in the management of imported timber in Viet Nam (before and after the VPA/FLEGT Agreement takes effect) is always of special interest to customs agencies. Based on the information collected, monitored, analysed and evaluated by the customs risk management system, imported timber goods are always assessed as high-risk to very high-risk items, classified into yellow lane to check customs dossiers and red lane to check the actual inspection of shipments

2.3.2. The procedure of detail inspecting customs dossiers for imported timber shipments

Inspecting customs dossiers means inspecting in detail all documents in customs dossiers as prescribed in Article 16 of Circular No. 38/2015/TT-BTC amended and supplemented by Clause 5 Article 1 of Circular No. 39/2018/TT-BTC. According to this, responsibilities of the customs sub-department director and the responsibilities of the customs officers inspecting customs dossiers including:

a) Responsibilities of the director of the customs sub-department.

- When there is declaration information on the system, assign officers to inspect the dossier through the management screen.
- Instruct the contents to be examined by officers, approve the proposals by officers on dossier inspection, decide to suspend the inspection completion and cancel the inspection suspension using functions on the system.
- For shipments with notification of cancelling their entrance into the monitoring area sent from the customs sub-department where the declaration is registered, based on the customs officers' proposal, the director of the customs sub-department shall decide whether to continue or stop entrance into the monitoring area.

b) Responsibilities of custom officers in dossier inspection.

b.1) Inspecting the completeness of the electronic customs dossiers. The system automatically inspects the completeness of electronic customs dossiers and notifies the declarant through the system.

- o For goods requiring certificates of specialised inspection before customs clearance, this document is not required to be immediately included in the customs dossier when registering the customs declaration.
- o In case the dossier components are required in paper form, the declarant submits a complete set of dossiers in electronic form and the component documents in paper form.

b.2) Check customs declaration validity.

- o Officers shall check the time limit for customs declaration as prescribed at Point b, Clause 1, Article 25 of the Customs Law.
- o In case the declarant is verified as violating regulations on the time limit for customs declaration, the officer shall handle according to the procedures guided by the General Department of Customs (formerly Decision 4186/QD-TCHQ, now under Decision No. 166/QD-TCHQ).

b.3) Check the details of customs dossiers.

- o Check the container list declaration for the import declarations stating the shipping method of container. In case of imported goods transported by container (identified in "Code of means of transportation") the customs officer shall check. If the container list has not been declared on VNACCS or the list declared on VNACCS does not match the customs dossier:
- o Check the information affecting customs management: "Symbols and number"; "Detailed declaration of value"; "Remark section"; "Code for internal management of enterprise"; "Goods description "; "Code of import/export type", etc. Information recording in this item must comply with the instructions in Appendix II of Circular No. 38/2015/TT-BTC and Appendix I of Circular No. 39/2018/TT-BTC.
- o Check the conditions for changing border gate if the declarant requests to change the border gate in the "Remark section" on the declaration;
- o Inspect and identify goods names, codes, tax rates: conform to Decision No. 1921/QD-TCHQ by the Director General of the Viet Nam General Customs;
- o Customs inspection, consultation and valuation;
- o Inspection and determination of exported and imported goods origin;
- o Inspection of tax declaration and implement taxation policies; and
- o Checking of licenses and other specialised inspection documents (if any).

- Handling checking results: If the dossier inspection discovers incomplete dossiers or mismatches between the dossier's documents and the information declared on the system, then:
  - o Notify the declarant to provide additional information. In case customs officers have sufficient evidence to prove violations, they shall make a record of the violations and transfer the violation dossiers to competent authorities for handling according to the guided procedures.
  - o In case the customs authority does not have enough evidence to judge the accuracy of the customs declaration, the customs declarant shall be requested to supplement information and documents as prescribed by law or propose the director of the customs sub-department to move the goods to a physical inspection channel.

2.3.3. The procedure of detail physical inspecting imported timber shipments

The physical inspection procedure of imported timber shipments is described as Figure 4 and detailed provisions in Article 29, Circular No. 38/2015/TT-BTC as amended in Clause 12, Article 1, Circular No. 39/2018/TT-BTC. Pursuant to the notification of the results of the distribution of customs declarations of the System, the decisions of the Director of the Customs Sub-Department where the declaration is registered or the Customs Sub-Department where the physical inspection of goods, customs declaration information, risk instruction information on the system and digital customs declaration

dossiers submitted through the System, customs officers carry out detailed inspection of customs dossiers, physical inspection of goods.

a) Responsibilities of the director of the customs sub-department

- Based on the customs officer's proposal, the customs sub-department director shall inspect the dossiers, check for risk instruction from the system.
- Based on the risk instruction, scanning results before and during the unload shipments and the relevant information (if any) to decide the form and level of goods physical inspection.

b) Responsibilities of custom officers during physical inspections

- Customs officers who check the declaration information and notify the declarants of the form and place of inspection. About the inspection level (percentage) must not be notified.
- In case of inspection at the checkpoint outside the border gate. Check the packaging condition, the seal condition, or the goods original condition against the handover record.
    - o If the goods' original condition is assured: confirm that the goods have arrived at the inspection location on the paper-based handover record and on the system.
    - o If the goods' original condition is not assured: in case violations are detected, handle conforming to the procedures guided by the Viet Nam General Customs.

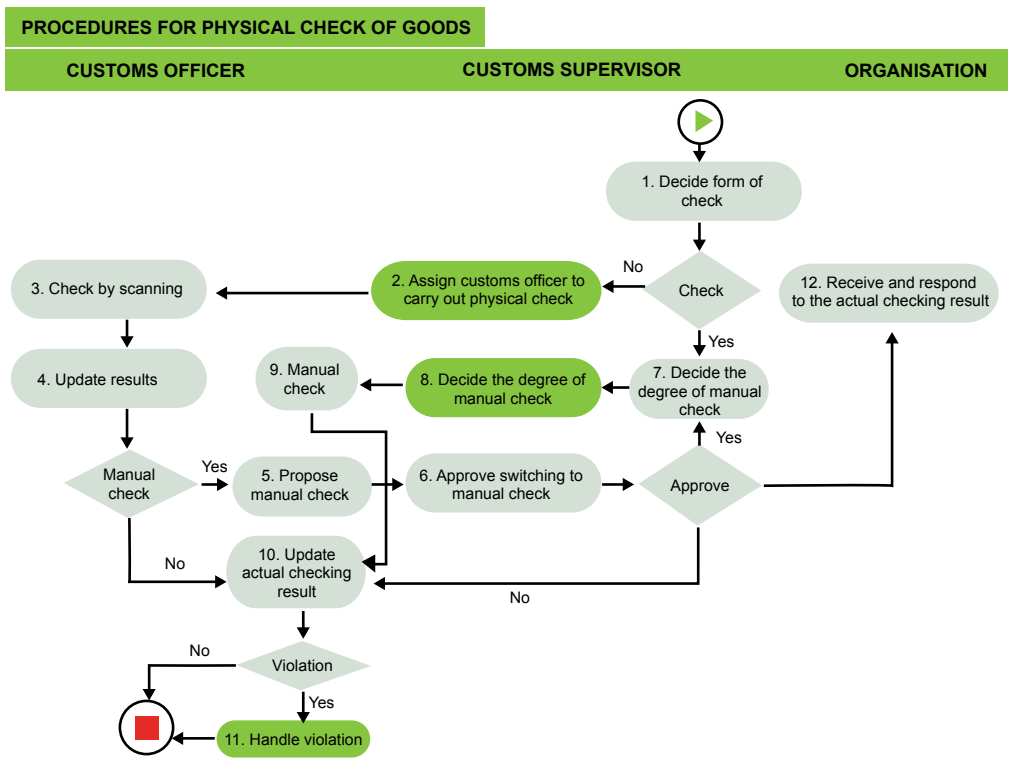

Figure 18: Physical inspection procedures

2.3.4. Check and identify the origin of the timber import shipments

Inspection, identify and verification of origin of imported goods are stipulated in Chapter IV, Circular No. 38/2018/TT-BTC on determination of origin of imports and exports. In this manual we focus only on the following main contents:

- Check the origin of imported timber shipments when checking customs dossiers;
- Check the origin of imported timber shipments when physically inspecting the shipment;
- Verify the origin of imported timber shipments.

a) Checking goods origin during customs dossier inspection

- If proof of origin is not required:

When inspecting customs dossiers, customs officers shall check the origin declared at "Goods description" (under "Details") on the electronic customs declaration or "Origin" on the paper customs declaration, and compare with relevant documents in the customs dossier to verify goods origin and handle as follows:

+ If there is no suspicion of exported goods origin, the customs officer shall accept the origin declaration by the declarant and carry out customs procedures as prescribed
    - o For yellow lane customs declaration, accept the goods origin declaration by the declarant.
    - o For red lane declaration: switch to instructions from Circular 39/2018/TT-BTC.
+ If there is any suspicion of goods origin, request the declarant to explain and provide supporting documents in line with Clause 3, Article 8 of Circular No. 38/2018/TT-BTC through the system:
    - o If the declarant fails to explain and provide supporting documents, or the explanations and supporting documents do not provide sufficient grounds to verify origin, the customs officer shall advise the director of the customs sub-department to apply physical inspection of goods.
    - o If there are sufficient grounds that the declarant has falsely declared the goods origin, the violation shall be handled according to the law.
    - o If there are not sufficient grounds to verify the goods origin, the customs officer shall report to the director of the customs sub-department for consideration and handling.

- If proof of origin is required:
    + Check the information in proof of origin
        - o If the declarant submits the proof of origin at the time of customs procedures: Check the reference number/code of origin self-certification and date of issue.
        - o If the declarant does not have proof of origin at the time of customs procedures: At the time of customs procedures, the customs officer shall guide the declarant to declare late submission of one or multiple C/O.

+ Check the electronic C/O through the National Single Window System and check information of the C/O on the electronic portal of the issuing agency, of which website has been informed by the General Department of Vietnam Customs.
+ Check the form of C/O: When inspecting C/O, customs agencies check to identify the criteria must be fully declared on C/O of goods and the criteria declared in C/O must be consistent with other documents in the customs dossiers. The C/O must show the words FORM D/ FORM E/ FORM AK/ FORM AJ, etc. in accordance with the signed Free Trade Agreement. All items on the C/O must be filled in using the form specified in the associated Free Trade Agreements and relevant legislation; The size, colour, language and the back of the C/O must comply with the associated Free Trade Agreements and relevant legislation.
+ Check the contents of the C/O: Checks and compares the following information fields, including Importers, Exporters, Mode of transportation, HS code, volume, weight, regions, countries of origin, specific issued date of C/O, the signatures of the persons authorised to sign the C/O.
+ Check the origin criteria: check how to write the origin criteria of imported timber shipments on C/O (according to value-added content criteria or criteria for conversion of HS codes).
+ Check information of the shipment's route recorded on the C/O, bill of lading and other documents (if any).

b) Checking goods origin during physical inspection

Step 1: When physically inspecting goods

The customs officer shall check and compare the origin information written on the goods, packaging and labels against the information provided by the declarant on the import customs declaration, documents in customs dossiers, and results of customs dossier inspection to verify the origin of goods.

I. In case there are grounds to determine the declarant declare the information on custom declaration consist with the physical inspection of goods, the custom officer will write down the result of physical inspection on the Record of physical inspection result and update to VCIS system and carry out customs clearance procedures as prescribed.

II. In case there are grounds for determining that customs declarants declare the origin of goods on export customs declarations inconsistent with the results of physical inspection of goods, customs officers shall record the results of physical inspection of goods in the inspection results, and report, proposing the Director of the Customs Sub-Department to request the customs declarants to explain and provide documents proving the origin of exported goods

Step 2: Handling explanations and supporting documents:

I. If explanations and supporting documents provide sufficient grounds for verifying goods origin, the customs officer shall accept the origin of goods according to the declaration and carry out customs procedures as prescribed.

II. If the declarant fails to explain and provide supporting documents, or the explanations and supporting documents do not provide sufficient grounds to verify origin, the customs officer shall advise the director of the customs sub-department to apply physical inspection of goods and issue certificates of origin of goods for that timber shipments.

c) Verifying the origin of timber shipments

The procedure of verifying the origin of imported timber shipments is prescribed in Article 19 of Circular 38/2018/TT-BTC. The following cases of customs offices need to verify the origin of imported timber shipments:

- The contents of the information on the certificate of origin of imported timber shipments are inconsistent with the declaration contents of customs declarants and documents in customs dossiers;
- There are suspicions about the validity of certificates of origin;
- There are suspicions of origin criteria on certificates of origin

Verification method: The provincial Customs Department shall report and propose to the General Department of Customs for the General Department of Customs to send a written request for verification of the origin of imported timber shipments to the agency or organization issuing the certificate of origin of the exporting country or exporter, the producer or customs authority of the exporting country to verify the validity of the certificate of origin of the imported timber lot or the accuracy of the information related to the origin of the imported timber shipments.

The verification procedure (including physical inspection in the country, group of countries or regions of exports and the notification of inspection conclusions) shall be carried out within no more than one hundred and eighty (180) days from the date the General Department of Customs sends a written request for verification, unless the International Treaty of which Viet Nam is a member provides for a longer verification period. Pass this time limit without receiving the verification results, the customs authority shall refuse the certificate of origin of the imported timber shipment.

2.3.5. Common customs violations of imported timber

In state management of customs for imported timber, there are some common violations as follow:

- Violations in customs declarations, customs value declarations (related to customs tax), risks related to the time limit for customs procedures and the time limit for paying tax on exported and imported consignments.
- Violations of exported and imported goods classification. This type of violation is mainly to declare incorrect goods codes, confusing goods codes, or codes of other goods. High-risk species in CITES Appendix are usually violate the violation related to CITES licensing of Viet Nam and harvesting countries authorities. Especially,

when Viet Nam apply the risk species filter in imported timber management under Decree 102/2020/ND-CP, the trend of this violation will increase.

- Violations of exported and imported goods origin and illegal transportation. (For example, importing furniture from China or plywood items cut into shapes as frame and bottom of the sofa…) causing difficulties for state agencies. In fact, many timber shipments from harvesting country in non-positive geographical regions but exported to Viet Nam through the neighbouring border gate of the positive geographical regions and this shipment has been changed geographical origin. This violation will increase as Viet Nam applies a positive geographical risk filter in the management of imported timber
- Violations in falsification and rotation of customs documents, CITES license and harvesting permit to legitimise smuggled shipments and for commercial fraud. In fact, importers and customs officers do not know exact the evidence /legal documents that are issued by which authorities of harvesting/ exporting countries since we cannot know all the forms and authorities of countries exporting into Viet Nam.
- Violations in customs value risk. And violations of exported and imported goods volume, including such risks as over-declaration or false declaration of exported and imported goods volume, false declaration of goods units for fraudulent payable tax or fraud on goods volume actually exported or imported under permits.

2.3.6. Cooperation between forest protection authorities and customs authorities in the management of imported timber

In order to implement the legal provisions on state management of customs for goods in general and timber products in particular, coordination between relevant agencies and authorities such as customs, forest rangers, border guards, tax authorities, market management, police, etc. Within the framework of this manual we focus on the coordination between customs and forest protection department

a) Responsibilities of Customs agencies in imported timber management

Customs agencies are responsible for state management in the field of customs on imported timber, have the following main tasks:

- Receiving and conducting systematic inspection of documents for imported timber based on current customs dossiers and:
  - + The declaration, including any relevant additional documents, or
  - + CITES licenses are still valid, or
  - + The FLEGT license is still valid.
- Conducting a physical inspection of the shipment (at the border gate or after customs clearance) based on the customs risk classification system. The level of physical inspection depends on the decision of the customs authority. In case of necessity, the physical inspection of shipments of yellow and green channel will be carried out.
- Check and confirm the list of imported timber specified in Form No. 1 and 2 of Decree 102.
- Coordinate with the Forest Protection Department in verifying the legality of imported timber shipments.

b) Responsibilities of Forest Protection Departments in imported timber management

- Coordinating with customs agencies in verifying the legality of imported timber shipments. Ensuring the sharing of accurate, timely and effective information and data for customs agencies in verifying the legality of imported timber shipments.
- Guiding, inspecting, and supervising compliance with Decree No. 102/2020/ND-CP on import timber management of organizations and individuals according to their competence.
- Managing and tracing the origin of timber and store records and documents as prescribed in Decree No. 102/2020/ND-CP and other relevant legal provisions.

c)) Mechanisms and principles of coordination between customs and forest rangers in the management of imported timber

- Central level: In 2018, the General Department of Customs and the Viet Nam Administration of Forestry signed a MOU for coordination between the two agencies.
- Provincial level: Establishment of interagency working groups, signing MOU between two agencies at the provincial level.
- In the area of operation of customs agencies: Customs agencies are the focal point in charge of inspecting, controlling, and handling violations related to export, import and of timber products, as well as forest products. In case customs agencies have requests, the forest protection departments shall coordinate with customs agencies to perform tasks related to the management of timber and forest products within their competence as prescribed by law.
- Outside the area of operation of the customs agencies: When the forest protection departments requests, the customs agencies are responsible for coordinating with the Forest Protection Department in providing information, depending on the specific case, supporting forces, methods... in the inspection, control and handling of imported timber and forest products.

d) Field of coordination between customs and forest protection departments in the management of imported timber

- Inspecting and controlling of forestry exports and imports; combating and handling the illegal smuggling and transportation of forest products and specimens of CITES species across borders.
- Organizing professional training, conferences, workshops, propagation and dissemination of laws; exchange of information (confirming the name of imported timber species), documents, statistical data.
- Controlling and inspecting of imported timber, including periodic/system inspection at the border gate and after customs clearance, and in the handling of suspected cases of risk.

2.4. EXERCISE

Exercise 1 (for forest protection officers):

- In your opinion, what is risk management in forest protection activities?
- Have you applied risk management in your agency?
  - + If yes, list some specific activities (3 - 5 activities).
  - + If no: suggest some activities (3-5 activities).

Exercise 2 (for customs officers):

a) Practice classification of imported goods declared: salvaged rosewood, including different parts of the tree: feet, roots, branches, tops.

(If participants do not have a List of Goods or the Import and Export Tariff Schedule with chapters 44 and 94, move on to exercise 2b below).

b) Discuss measures for handling difficulties under Decree 102/2020/ND-CP as mentioned in point 2.1.3. Part II of this manual.

Exercise 3 (for customs officers and forest rangers):

- Discuss the coordination between customs and forest protection officers in inspecting and controlling the timber supply chain to ensure legal timber trade.
- Requirements: list some activities that need cooperation between forest protection authorities and customs authorities (3-5 candidate activities for each sector).

Working approach:

- Divide into working groups. Each group has 12-15 members, half customs officers and half forest protection officers. Open discussions in each group. There should be customs officers and forest protection officers from the same district/province/city in the same group.
- Each group appoints one customs officer and one forest protection officer to record the discussion and appoint one representative to present the discussion results related to customs and one to present those related to forest protection.

Presentation time for each group should not exceed 5 minutes.

Group discussion time: no more than 15 minutes.

Exercise 4: Discussion

Case study:

According to the Viet Nam Customs Newspaper, on 19 August 2020, the Southern Anti-Smuggling Control Team (Team 3) - Anti-smuggling Investigation Department - GDVC coordinated with Ho Chi Minh City Customs Department and Dong Nai Customs Department to examine 60 containers suspected of African Padouk imported into Viet Nam through Cat Lai port in Ho Chi Minh City.

Initial search results show that timber in these containers has been preliminarily processed and cut into bars with a total volume of more than 1,000 m³. The value of the shipment is estimated at more than VND 20 billion.

According to the initial assessment by the agency in charge, it is likely that this is West African Padouk (Pterocarpus erinaceus). This wood is listed in Appendix II of CITES issued with Circular No. 04/2017/TT-BNNPTNT dated 24 February 2017 by the Ministry of Agriculture and Rural Development and Notice No. 296/TB-CTVN-HTQT dated 27 November 2019 by Viet Nam CITES Management Authority – Ministry of Agriculture and Rural Development (waiting for the conclusion from the examination authority).

All the timber was transported from Cat Lai port - Ho Chi Minh City to Tan Cang Long Binh ICD customs area for inspection, storage and preservation while waiting for the next processing results. The authorities are speeding up the search for all 60 precious timber containers.

Discussion:

1. Using the theory provided and existing customs procedures, please discuss and write down the next activity to handle this case.
2. In which of the processes/procedures that your group has discussed can customs and forest protection officers work together?

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3. Law on import tax and export tax No. 107/2016/QH13 dated April 6, 2016.
4. Law on Forestry 2017 (Clause 6, Article 9 “Storage...export, import...of forest products against regulations...”).
5. Law on Plant Protection and Quarantine 2013
6. Investment Law 2014: Point c, Clause 1, Article 6 “trading in specimens of wild fauna and flora as prescribed in Appendix I CITES.”
7. Law on Foreign Trade Management dated June 12, 2017
8. Decree No. 08/2015/ND-CP dated January 21, 2015 of the Government detailing and implementing a number of articles of the Customs Law on customs procedures, inspection, supervision and control customs control
9. Decree No. 59/2018/ND-CP dated April 20, 2018 of the Government amending and supplementing a number of articles of Decree No. 08/2015/ND-CP
10. Decree 128/2020/ND-CP of the Government on handling of administrative violations in the field of customs.
11. Decree No. 18/2021/ND-CP dated 11/03/2021 amending and supplementing a number of articles of Decree 134/2016/ND-CP detailing the implementation of the Law on Import and Export Tax.
12. Decree No. 126/2020/ND-CP dated October 19, 2020 of the Government detailing the implementation of a number of articles of the Law on Tax Administration;
13. Decree No. 134/2016/ND-CP dated September 1, 2016 of the Government detailing a number of articles and measures to implement the Law on Import Tax and Export Tax
14. Decree 31/2017/ND-CP dated March 8, 2017 of the Government regulating the origin of exported goods and the origin of imported goods.
15. Decree No. 102/2020/ND-CP dated September 1, 2020 of the Government regulating Vietnam’s legal timber assurance system
16. Circular No. 38/2015/TT-BTC dated March 25, 2015 of the Ministry of Finance providing for customs procedures; customs inspection and supervision; export tax, import tax and tax administration for imported and exported goods.
17. Circular No. 39/2018/TT-BTC dated April 20, 2018 of the Ministry of Finance amending and supplementing a number of articles of Circular 38/2015/TT-BTC
18. Circular 38/2018/TT-BTC dated April 20, 2018 of the Ministry of Finance regulating the determination of origin of imported and exported goods.
19. Circular 14/2015/TT-BTC of the Ministry of Finance guiding the classification of goods, analysis for quality inspection and food safety inspection.
20. Circular 17/2021/TT-BTC amending and supplementing a number of articles of Circular 14/2015/TT-BTC;
21. Circular No. 81/2018/TT-BTC dated December 15, 2019 of the Ministry of Finance regulating risk management in Customs professional activities.
22. Circular No. 27/2018/TT-BNNPTNT dated November 16, 2018 on management and traceability of forest products.
23. Regulation (European Union) No. 995/2010 of the European Parliament and of the Council
24. Document of VPA/FLEGT Agreement between the Government of the Socialist Republic of Vietnam and the European Union.
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26. To Xuan Phuc, Cao Thi Cam, Tran Le Huy: *Implementing regulations on Vietnam’s legal timber guarantee system- From the perspective of imported tropical timber*. October 2020.
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29. *Exercising accountability in establishing the legal origin of timber and timber products- Regulatory Guidelines (EU) No. 995/2010*. PAS 2021-2012; WWF- BSI -2012
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3

TIMBER SUPPLY CHAIN RISKS MANAGEMENT AND COMPLIANCE VERIFICATION

3.1. TIMBER SUPPLY CHAIN AND TIMBER SUPPLY CHAIN CONTROL

3.1.1. What is timber supply chain?

The timber supply chain is a system of organisations, people, technologies, activities, information, and resources that move and/or change the shape and size of timber from the point of harvest or importation to the end selling point. The timber supply chain includes all stages that are directly or indirectly related to meeting the demands of timber and timber products of customers. The enterprise's timber supply chain and timber products include the stages of harvest, import, sale, transportation, processing, and export.

Viet Nam is one of the countries with a complex timber supply chain since there are many timber sources entering the supply chain of VNTLAS system, the number of forest owners is high, through many stages of intermediaries, many enterprises participate in processing, consumption, and export. Based on the cycle of timber harvested from domestically grown forests, we see many entities and organizations participating in the timber supply chain from the point of harvest to the end selling point as described in Figure 19.

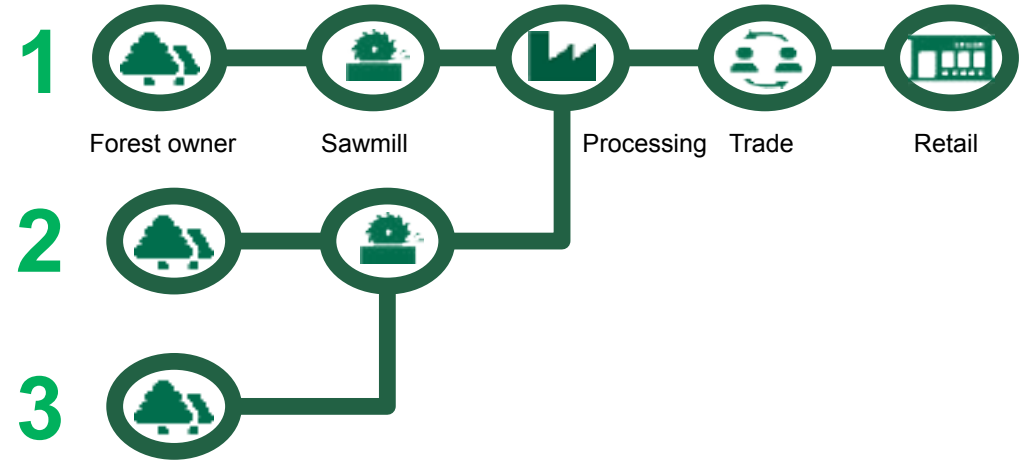


Figure 19: A supply chain with a complex level of intermediaries
(Source: [9])

Viet Nam's timber processing villages have a supply chain that is considered complicate because there are many households participating in the selling stage of timber materials and processing for large processing enterprises. General supply chain diagram of timber processing village is depicted in Figure 20 below.

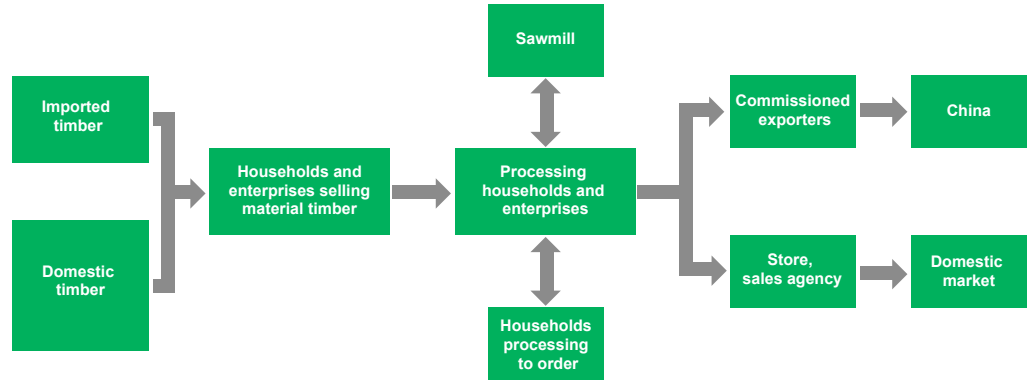


Figure 20: General supply chain diagram of timber processing villages
(Source: [8])

3.1.2. What is timber supply chain control?

Supply chain control aims to prevent the introduction of illegal or unverified timber into the supply chain.

Supply chain control is based on the requirements of Forest product dossier in each stage of the supply chain. VPA Agreement determines 6 crucial points in the supply chain of the VNTLAS System are including:

1. Timber sources entering VNTLAS;
2. The first transactions and transportation;
3. The third transactions and transportation;
4. Other follow-up transactions and transportation;
5. Processing; and
6. Export of timber.

The relationships between controlling points are shown in the Figure 21.

Circular 27/2018/TT-BNNPTNT sets forth requirements for the content of a legal forest product dossier for different timber sources and for next stages in the supply chain. Controlling measures also include monitoring and reporting requirements for organisations and households; monitoring timber volumes within and between stages of the supply chain; and systematic, random and ad-hoc physical checks performed by verification entities. Timber supply chain control have to comply with the following principles:

- All organizations/enterprises participating in the supply chain are registered in the Organization Classification System (OCS);
- All organizations registered in the OCS System shall report to the Forest Protection Department in accordance with the law;
- The Organization's supply chain report is reviewed by the Forest Protection Department to detect questions about timber flow;
- The Forest Protection Department performs systematic, random and unscheduled fact-checking to ensure that the timber is consistent with the contents of the corresponding records declared by the Organization and household: (i) the quantity (ii) volume (iii) of the species, at all stages of the supply chain;
- The Forest Protection Department conducts an investigation into timber shipments identified as suspicious;
- Supply chain control is based on the requirements of Forest products dossier at each stage of the supply chain as prescribed in Circular No. 27/2018/TT-BNNPTNT for domestically harvested timber and Decree No. 102/2020/ND-CP for imported timber.

I. Important controlling points in VNTLAS's supply chain relate to verification of the origin of timber entering VNTLAS and

II. stage-by-stage risk control in the supply chain from harvesting or import points to export points as described in Figure below - Supply chain control diagram in VNTLAS.

No.	Responsibilities of forest protection authorities
1	Reception, recording and archiving of supply chain declarations by organisations and households.
2	Systematic, random and ad hoc physical inspections, in particular on the basis of the analyses of supply chain data.
3	Analysis of data for volume comparison between: - Quantitative data at different stages of the supply chain; - Quantitative data of suppliers and buyers; - Data declared by organisations and households and the physical shipment of timber; - Input and output analysis at processing sites; and - Organisations and households in the context of investigations of suspicious timber flows.
4	Verification and endorsement of information in input and output monitoring books of organisations handling timber from domestic natural forests.
5	Inspection of input and output monitoring books of organisations as part of systematic inspection and ad hoc inspection on suspicion of risk.

Table 11: Responsibilities for supply chain control of the local forest protection authorities under VPA/FLEGT *(Source: [14])*

Supply chain control is conducted in accordance with a plan. Ad hoc checks are conducted on identifying or receiving any information on irregularities or any sign of violation by organisations and households. At each stage of the supply chain, the forest protection authorities need to examine the following factors:

I. Consistency between the timber product dossier and actual timber;

II. Archiving of the timber product dossier;

III. Examination of other verifiers relevant to different source of timbe;

IV. Checking consistency between suppliers and buyers when there is suspicion on the timber lot.

Circular 27 (Article 42 - Inspection contents) clearly stipulates the responsibilities of local forest protection authorities, with many points compatible with the responsibilities of local forest protection authorities in timber supply chain control stipulated in VPA/FLEGT. However, there are points that are not as elaborated as in VPA/FLEGT.

KEY CONTROLLING POINTS

NOTE:
Packing list of forest products (original) made by the timber owner when the timber is sold or transported internally is a mandatory part of the timber product dossier and circulating with the timber. The copy of the packing list is archived by the timber owner.

The number of transactions in the supply chain varies depending on the specific timber products and the stages at which the products are sold onto domestic or export markets.

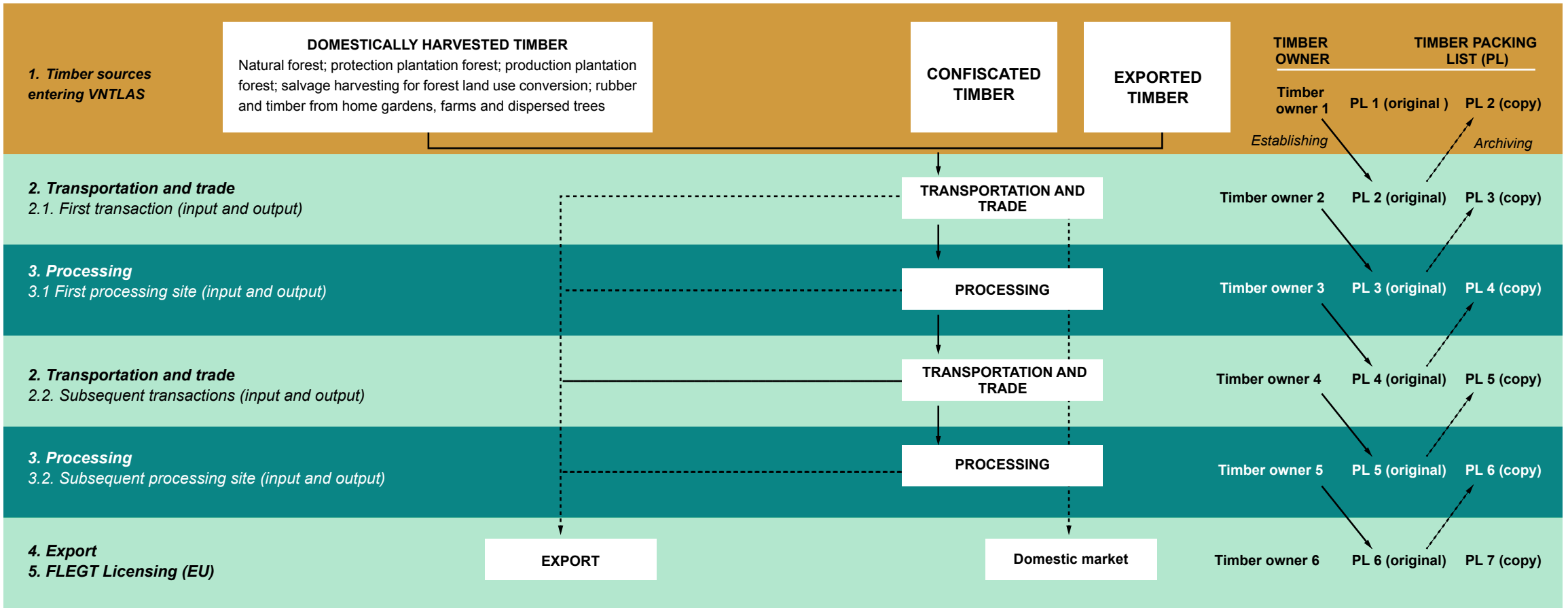


Figure 21: Supply chain control diagram in VNTLAS
(Source: [14])

3.2. WHAT IS RISK MANAGEMENT IN THE TIMBER SUPPLY CHAIN?

3.2.1. What is risk in the timber supply chain?

Different systems use different terms to describe risk and interpret risk in different ways. In the most general sense, "Risk is uncertainty and the possibility of an undesired outcome. Of the possibilities, there is at least one possibility of leading to undesirable results. And this result can result in losses or damage to the person at risk." Within this manual, risk refers to the non-compliance with regulations on harvesting, transporting, handling confiscated timber, importing, trading, processing and exporting timber.

Risks can come from different sources in the timber supply chain, such as: (I) risks in harvesting stage; (II) risks in the supply chain; (III) mixed risks.

The main types of risk include:

I. **Forest-level or harvesting risks:** the likelihood of violating legal regulations on forest harvesting and management. For example: Risks of illegal harvesting in conservation areas, risks of non-compliance with environmental regulations, risks of illegally issued forest permits due to corruption and lack of law enforcement measures, and risks of violating health and safety regulations, etc.

II. **Supply chain risks during circulation and processing:** once timber is harvested and enters the supply chain, there are risks of legal violations during the processing, trading and transportation of materials throughout the supply chain. For example: Risks of non-compliance with timber transport-related requirements due to missing required documentation or permits, risks of illegal timber trade and endangered timber trafficking due to inadequate regulatory frameworks, poor law enforcement, and corruption.

III. **Mixed risks:** throughout the timber supply chain, there is a risk that illegal, or materials of unknown origin, are mixed with legal timber.

3.2.2. Supply chain risk management

Management of timber supply chain risks is the application of legal regulations, processes and technical measures to identify and assess risks as a basis for proposing solutions to reduce risks in the timber supply chain.

3.2.3. Why should timber supply chain risks be managed?

a) Complexity in the supply chain: there are many levels in the supply chain from the forest and a supply chain may span many countries.

The complexity of the supply chain increases as more processing and trading entities are involved in the supply chain between the enterprise and the first timber supply. As a supply chain becomes more complex, the due diligence system also becomes more complex with increased risk of illegally harvested timber entering the supply chain or interruptions in the due diligence system. Complex supply chains certainly require more risk mitigation measures than simple supply chains.

For example, if you are a furniture retailer, you buy pine wardrobes from a merchant who buys from a furniture manufacturer. Take a look at the furniture manufacturer here (third entity from the right); they buy materials from two different sawmills. And sawmills buy timber from three different forests. So even though we have one furniture maker, timber actually comes from three different forests (i.e. we have three different supplies). If you are a retailer that has to exercise due diligence or risk assessment for your products, which are pine wardrobes in this case, you must consider three different supply chains, not one. This is an example of a simple supply chain involving only one species (pine). Normally in practice, the timber supply chain is much more complex.

b) Product complexity: the product has multiple parts or is made from composite materials.

c) Complexity of materials: is the material at risk of being substituted? Is there documentation for each input material?

3.3. TIMBER SUPPLY CHAIN RISK MANAGEMENT PROCEDURE IN VNTLAS

VNTLAS is built on important foundations, including the principle of risk management. The principle of risk management applies to the control of imported timber through timber importer due diligence practice and classification of enterprises entering supply chain.

The procedure of timber supply chain risk management of VNTLAS includes following steps:

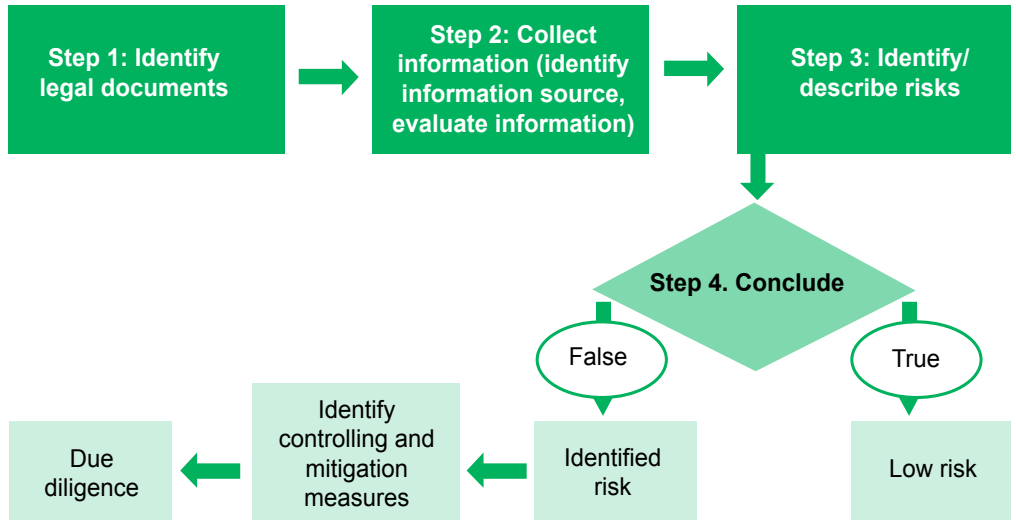


Figure 22: Steps in supply chain risk management procedure
(Source: [9])

3.3.1. Identify current legislation

Identify current legislation in supply chain are mentioned in Annex II on Legal Timber Definition, VPA/FLEGT Agreement, includes these following areas:

- Harvest rights: the granting of legal rights to harvest timber, including compliance with regulations and procedures on land allocation, forest allocation, land-use rights and forest use.
- Forestry activities: comply with legal regulations on forest management and timber processing, including compliance with environmental and labour regulations.
- Taxes and fees: comply with regulations on taxation, fees and charges directly related to timber harvesting and trade.
- Trade and customs: Comply with legal regulations on trade and customs procedures

This is the basis for risk assessment, assessment of compliance with regulations on harvesting, transportation, handling of confiscated timber, trading and processing of timber in the timber supply chain of VNTLAS.

Example: Circular 27 stipulates the procedures for salvage collection and salvage harvesting of timber from natural forests (Articles 8, 9); main harvest, salvage collection and salvage harvesting of plantation forest timber of which the State is the representative owner (Articles 12, 13, 14); and legal timber product dossiers, etc. These are the legal requirements and legal.

Article 12. Main harvesting of timber from plantation forests of which the State is the representative owner (Circular 27)

1. Harvesting dossier: Harvesting plan according to Form No. 08 attached to this Circular.

2. Procedure: Before harvesting, the forest owner or the harvesting organisation or individual (in case the harvesting organisation or individual is not the forest owner) submits 01 dossier directly or by post as prescribed in Clause 1 of this Article to the competent authority to approve the funding for afforestation and the local forest protection authorities for acknowledgement and inspection during the harvesting process.

3. After harvesting, the timber product owner makes a list of timber products.

Box 4. Requirements for harvesting of timber from plantation forests

3.3.2. Identification of reliable information sources

Identification of information sources: documentation, national statistical reports, periodical reports as required by law, stakeholder consultations, expert opinions, databases on violations, etc.

3.3.3. Legal compliance verification and risk identification

Describe possible risks associated with specific categories, criteria and sub-criteria;

Assess the level of existing risk, considering compliance threshold (level, scope, time frame); corruption; demonstrate, explain and describe in detail the risk assessed above.

How to determine that a risk is low or high?

- Considered as low-risk when the problems are temporary, infrequent and not systemic, with limited impacts, effectively controllable by oversight and enforcement by state agencies.
- Considered as high-risk when the problems that affect a large area or cause significant damage or continue for a long time; have significant negative impacts on society, timber product manufacturing and forest ecosystems; and/or represent a violation of the law but are not corrected when identified.

Example: how to identify risks of illegality in trade and transportation? First, it is necessary to learn the legal regulations regarding trade and transportation:

Legislation category	Sub-categories
Trade and Transportation	• Legally registered
	• Taxes and fees payment
	• VAT and other sales taxes
	• Classification by species, quantity and quality
	• Trade and Transportation
	• Oversea transaction and price transfer
	• Customs regulation
	• CITES

Figure 23: Legal requirements for timber trade and transportation

For trade and transportation, these are categories that can be used in a risk assessment.

The following questions need to be answered:

- Is the company legally registered?
- Are there verifiers for payment of taxes related to processing and sales?
- Is the material classified and transported in accordance with the law?
- Is there illegal price transfer?
- Is import and export documentation complete and accurate?

These are the key issues to be addressed when assessing risks in trade and transportation.

3.3.4. Identify the control and mitigation methods

After the risks have been identified and specified in a risk assessment, further work must be done for mitigation.

a)) Key principles that need to be kept in mind when proposing and selecting risk mitigation measures:

I. For risks of violating forest management and harvest laws, the objective of risk mitigation is to ensure that legal regulations are complied with.

II. For risks of legal violation related to processing, trade and transportation, risk mitigation measures are also intended to ensure compliance with the regulations.

III. For risks associated with mixed or substituted materials in the supply chain, risk mitigation measures must ensure tight control over the path of materials in that supply chain.

IV. When selecting risk mitigation measures, consider your resources and capabilities to ensure these measures are appropriate and effective.

b) Some notes on risk mitigation:

I. There is rarely only one way of conducting risk mitigation. Different options may be preferred for different reasons.

II. Risk mitigation can include a series of actions or measures or can be incremental and implemented in a number of steps.

III. Risk mitigation can be more effective with different actions taken at different levels (individual supplier, supply chain, supply region, regional level).

IV. Considerations for the most appropriate risk mitigation measures possible include timing and timeliness of action; cost and effectiveness; available technical expertise.

c) Risk mitigation options:

Risk mitigation can be done in many ways, avoiding risk or controlling risk (Figure 16). The selection of an option depends on the resources, time available and especially the supplier's cooperation. Specifically:

I. Avoid sources of risk:

- *Change of supply chain:* can be done in cooperation with the supplier to avoid the risks associated with species, materials or origins. For example, when there are clear verifiers that a species is often illegally harvested in the country of origin, suppliers can source the species from other countries with a lower risk of illegal harvesting.

  In addition, using a supply chain of timber materials certified under an independent third-party certification scheme can help reduce risk. You then need to consider the scope and integrity of the certification programme. There are different certification schemes and we need to choose products that are certified under the programme that is assessed as assuring the required risk mitigation.

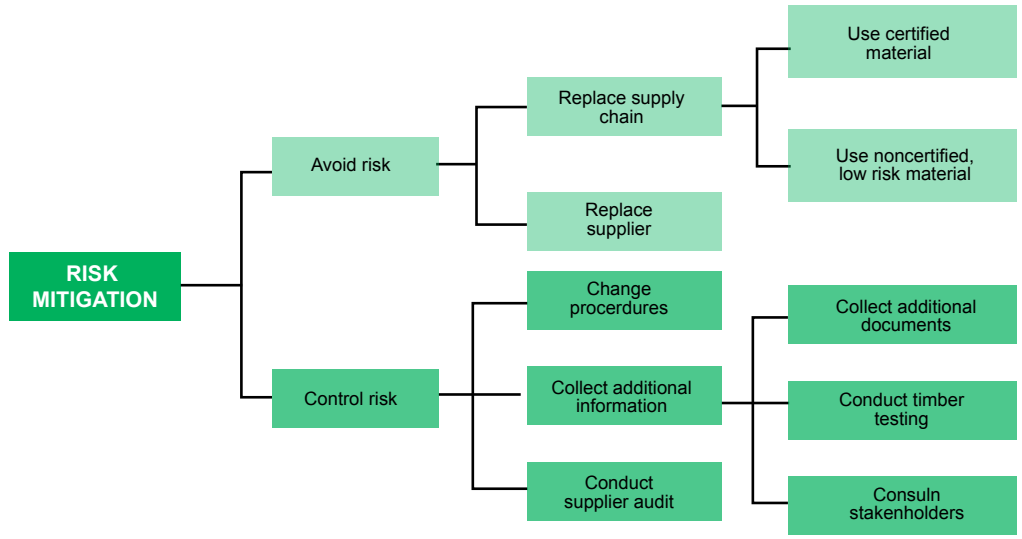


Figure 24: Measures to reduce timber supply chain risks

Replacing this supply chain would be a sizable investment as both the supplier and the sub-suppliers involved would have to be changed. This option will depend on the availability of supplies as well as the suppliers of the necessary materials, as well as on your relationship with the supplier.

- *Change of supplier:* an additional option to avoid the identified risk is to change suppliers if the current supplier is unable or unwilling to assist you in meeting importer due diligence requirements.

II. Risk control, includes:

- *Change of procedure:* Instead of avoiding risks, we can apply measures to control and reduce risks, lowering the risks. The first option is to change or supplement management procedures.

  A change of procedures may include supplier implementation of a chain of custody. This is to provide confidence that your product inputs are not mixed with unknown and potentially at-risk materials in the manufacturing facility. In addition, suppliers may be required to deploy a complete and robust record keeping system for required dossiers and documents, and supply chain information. These dossiers should be archived for each shipment purchased. Only when the supplier has complete information and documentation about the shipment can you have the information for risk assessment.

- *Collect supplementary information:* this measure can be selected when information is missing or incomplete. We can gather information from documentation and information from stakeholder consultations, timber identification to determine species name and origin, and information from communications with suppliers.

- *Verification of supplier:* Verification of suppliers is used to verify if there is a risk of legal noncompliance at the source or at entities in the supply chain. In addition, verification can also be used to ensure that risk mitigation actions are effective in controlling or managing the underlying cause of noncompliance and whether risk has been mitigated.

3.4. DUE DILIGENCE

One of the measures to minimize risks in the supply chain is to exercise accountability. Therefore, many countries have legal provisions on the obligation to perform accountability.

3.4.1. Due diligence under EUTR and VPA/FLEGT

According to EUTR 995/2010, due diligence is defined as follows: *"Due diligence means that importers must collect information from suppliers in other countries, analyse information to identify any risks of illegality and apply measures to mitigate timber origin risks and include three factors for risk management: (i) Information collection; (ii) Risk assessment and (iii) Mitigation of any identified risks"*

According to the provisions of the VPA/FLEGT Agreement (Clause 6.3.7.1): *"Importers shall take responsibility for the legality of imported timber in accordance with the relevant legislation of the country of harvest. For this purpose, they shall exercise due diligence over the legal origin of imported timber, which covers collection of information, risk assessment and mitigation of any risk identified. Note, importers must collect additional information and documents on the legality of timber in the harvesting country, regardless of product type (raw materials or mixtures) or the length of the supply chain".* The timber importer performs a 3-step due diligence as described in Figure 28 below.

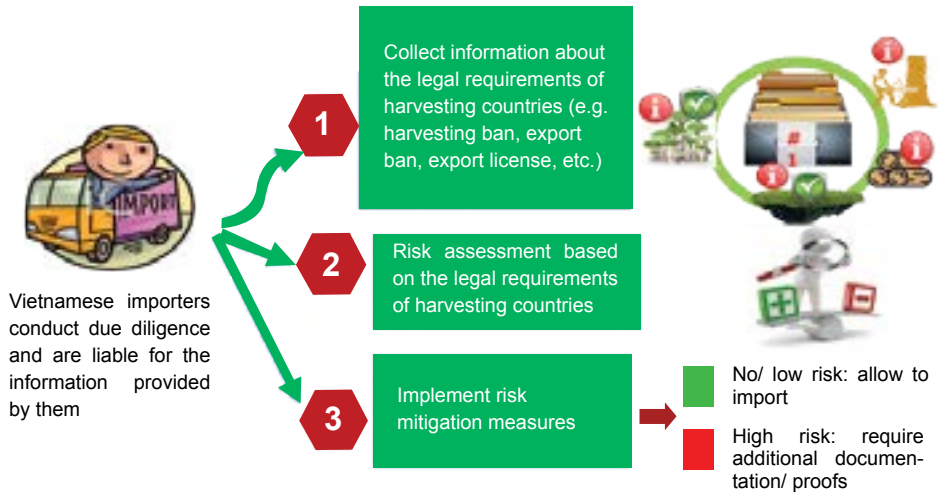


Figure 25: Process of implementing the due diligence of timber importers under the VPA/FLEGT Agreement

3.4.2. Due diligence under VNTLAS

VNTLAS stipulates the concept of due diligence (Article 3, Decree 102/2020/ND-CP) as following: *"Due diligence when importing timber is the act that the owner of imported timber provides information related to legality of the origin of imported timber, taking risk assessment and mitigation measures in line with regulations of the country of harvest; and take risk assessment and mitigation measures in accordance with this Decree and is liable for the information they provide".*

Therefore, in the VNTLAS system similar to the provisions in EUTR and VPA, the process due diligence is divided into three steps:

- Information collection: collecting information about the supply chain that the organization wants to assess
- Risk assessment: Assessing the risk of illegal timber entering an organization's supply chain or the risk of timber in their supply chain having an illegal source
- Risk mitigation: When identifying risks, organizations need to apply risk mitigation measures

One note is that there is a difference between the due diligence methodology (based on risk management) and suitability assessment that is often used by Government agencies and independent certification agencies to ensure compliance with the law. The content of compliance audits will be outlined below.

3.5. COMPLIANCE AUDIT

In compliance audits, compliance is determined by the provisions of law or the criteria of the applicable standard. In Compliance audits, different companies are evaluated based on the same standard or a checklist. The assessment does not depend on the risk situation.

3.5.1. Applying ISO 19011 in terms of compliance audits

ISO 19011:2018 (ISO 19011:2018) - Guidance for management system auditing specifies the principles of auditing, managing an audit programme and conducting management system audits, as well as guidance on the evaluation of competence of individuals involved in the audit process. If the audit criteria are legal (including statutory or regulatory) requirements, the words "compliance" or "non-compliance" are often used in an audit finding. ISO 19011 is applicable to all organisations that need to plan and conduct internal or external audits of management systems or to manage an auditing programme. The full text of ISO 19011 can be found online . Within this material, ISO 19011 is only concerned from the aspect of compliance assessment.

- What is an audit? According to ISO 19011, it is a systematic, independent and documented process for obtaining objective evidence and evaluating it objectively to determine the extent to which the audit criteria are fulfilled. Internal audits are often referred to as first-party audits and are conducted by, or on behalf of, the organisation itself. External audits include those generally called second and third party audits. Second party audits are conducted by parties having an interest in the organisation, such as customers, or by other individuals on their behalf. Third party audits are conducted by independent auditing organisations, such as those providing certification/registration of conformity or governmental agencies.
- Audit standards are sets of requirements used as references against which objective evidence is compared.
- Compliance is the conformation to rules and regulations issued by competent authorities. Non-compliance is the failure to meet a specific requirement.

  A compliance audit is the systematic, independent and documented process for obtaining objective evidence and determining whether actual practices conform to legal requirements or not. Compliance audits help an organisation demonstrate its commitment to fulfilling compliance obligations, gain insights into compliance

status, reduce the likelihood of regulatory violations, and avoid adverse actions from interested parties of the organisation.

- Applying compliance audits:

  Compliance audits (which is an internal audit according to IS0 19011) may apply some of the relevant ISO 19011 requirements, such as quality of the auditor (to do his/her job in an ethical, honest, and responsible manner - integrity; fulfil reporting obligations truthfully and accurately - fairness; be discreet in evaluations - discreetness); exercise an evidence-based approach; and ensure independency.

  Define the objectives, scope and criteria for each audit; select samples appropriately because they are related to the reliability of the audit's conclusions.

  The ability to coordinate and exchange information with the database related to compliance audits through the use of established internal and external communication channels.

3.5.2. Application of VPA/FLEGT and VNTLAS

VNTLAS, which is the core part of VPA/FLEGT, is based on one of the key principles: risk management. Risk management is built on the basis of compliance audits. Compliance audits are applied in several components of this system, such as organisation classification systems, control of imported timber, and verification of exported timber. Compliance verification concerns checking to ensure that the requirements of timber legality definition set forth in the VPA and supply chain controls are fully met before the timber is considered legal. Specifically:

- **Classification of organisations:** According to VPA/FLEGT, Viet Nam will develop an organisation classification system to periodically assess the risk level of all organisations in terms of compliance with the requirements of VNTLAS to apply appropriate and effective verification measures. The classification criteria of the OCS and compliance audit-based verification are specified in VPA/FLEGT (Section 5 Annex V). Static verifiers are used to verify the compliance by the organisation with respect to its operations or arrangement in the harvest, transportation, processing, or trade of timber. Meanwhile, dynamic verifiers of timber supply chain control are used to verify compliance with timber origin and circulation legislation at each stage of the supply chain. Based on these criteria, organisations are classified into 2 risk categories as Category 1 (Compliant): Organisations that meet all criteria or Category 2 (Non-compliant): Organisations that do not fully meet the criteria or newly established Organisations. Also, according to VNTLAS, organisations need to be registered in the OCS and perform a self-assessment of their compliance with VNTLAS requirements. The organisation's self-assessment will be reviewed by the local forest protection departments. Compliance audits (which are internal audits according to IS0 19011) may apply some of the relevant ISO 19011 requirements, such as quality of the auditor (to do his/her job in an ethical, honest, and responsible manner; report fairly; be discrete in evaluations; exercise an evidence-based approach). The appraisal by forest protection authorities requires such skills as connecting and cross-checking information between relevant sectors (forestry, land, enterprise, investment, customs, labour, etc.); defining the auditing scope and criteria (sites, processes and products to be audited, regulatory requirements) to determine whether the organisation is in full compliance with legal requirements or not; and assuring the publicity of enterprise classification.

- **Timber import control:** Under VPA/FLEGT, the importer is responsible for the legal origin of the imported timber according to the relevant legal regulations in the country where the timber is harvested. Where the importer does not have a CITES permit or a FLEGT license for an export shipment from the country of timber export, the importer must exercise due diligence by declaring the imported timber origin. If the imported timber is of a high-risk species or from a high-risk geography, the importer must obtain additional information and documentation regarding the legality of the timber in the country of harvest, regardless of the type of timber product (timber material or composite) or the length of the supply chain. Customs authorities are requested to closely coordinate with the forest protection authorities in inspecting and controlling imported timber and auditing the importer's compliance with regulations on imported timber management. This may apply some of the relevant ISO 19011 requirements, such as the responsibility of importers for the accuracy of dossiers and declarations, and in essence to do their job honestly and responsibly. Customs and forest protection authorities have close coordination in information exchange, taking evidence-based and risk-based approaches, and ensuring independence in inspection and control of imported timber (the basis for the objectivity of the audit and the fairness of the audit conclusions – according to ISO 19011).

- **Export verification:** Under VPA/FLEGT, timber needs to be verified at all stages of the supply chain prior to export. Export verification is used to assess whether a shipment of exported timber is fully compliant with VNTLAS regulations. The level of verification applied to an organisation depends on its risk category. For Category 2 organisations, the local forest protection authority conducts documentary checks, physical inspection of the shipment, and certifies the list of timber products (in case of no violation). Local forest rangers act as independent auditors (according to IS0 19011), so some of the relevant ISO 19011 requirements can be applied, such as: auditor's qualities (doing the work ethically, honestly and responsibly, reporting fairly, being discrete, taking a self-reliant and evidence-based approach); establishment of test scope and criteria; sampling method in shipment document and physical checks; and the ability to exchange information with the OCS database and databases on forest law violations and other violations to verify the legality of timber product dossiers.

Examples of verifiers for timber harvest legal compliance under current regulations are presented in Table 12.

Legal requirements	Verifiers
Verifier of legal harvest rights	Concession and/or harvest permit issued by the relevant authority, such as those required by The UK Forestry Standard
Verifiers of compliance with applicable management plan requirements	Approved management plan or equivalent document, as required by local government
Indication of current harvest restrictions	Government or sectoral documents specifying legal restrictions on harvesting, such as diameter limits, species and volume restrictions
Verifiers that the timber was harvested from an authorised area; for example, not from an unauthorised area	Management plan, including maps and/or documents indicating the harvest area
Verifiers of timber sales	Bills of lading, sales contracts, invoices and purchase orders
Verifiers of payment of taxes and other fees, such as harvesting fees	Documentation officially confirming payment
Verifiers of compliance with the provisions and procedures of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)	An up-to-date list of plant species in the forest management unit is included in CITES Appendices I to III, and/or national permits for any harvest, trade, export and import into the UK of any species listed in CITES
Verifiers of compliance with the procedures related to the transport of timber	Copy of timber dossiers, transportation or sale permits indicating species and volume, if applicable

Table 12: Verifiers for timber harvest legality under current regulations
(Source: [4])

3.6. EXERCISES

PART A: QUIZ ON VPA AND VNTLAS

Please select all the answers that you think are correct. Note: A question can have multiple correct answers.

Part 1: Voluntary Partnership Agreement on Forest Law Enforcement, Governance and Trade (VPA/FLEGT), Viet Nam Timber Legality Assurance System (VNTLAS), and due diligence

1. The European Union's Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan sets out a range of measures to:

- □ promote sustainable forest management
- □ improve forest governance in third countries
- □ prevent illegally harvested timber from entering the European market
- □ increase demand for timber harvested from responsibly managed forests

2. Under the VPA/FLEGT Agreement between Viet Nam and the European Union, what defines legal/illegal timber?

- □ The legal requirements to be complied with are under the EU Timber Legality Assurance System
- □ Relevant legislation in harvest countries
- □ Relevant legislation in EU countries
- □ Relevant legislation in Viet Nam

3. Decree 102/2020/ND-CP is currently effective for:

- □ Timber and timber product import and export
- □ Timber harvested domestically, handled confiscated timber, timber transportation, trade, processing
- □ Timber and timber products throughout the supply chain
- □ Only for imported and exported timber products

4. The Voluntary Partnership Agreement (VPA) provides a scheme for issuing:

- □ Sustainable Forest Management Certificates
- □ CITES licenses
- □ FLEGT licenses
- □ Export permits

5. Periodic enterprise classification procedures include:

- □ Registering in the OCS, records of cases of administrative and criminal violations.
- □ Registering in the OCS System, the first assessment and the re-assessment are self-administered by enterprises using a form.

- □ Provincial FPDs appraise and send the results of enterprise classification to the central Forest Protection Department. The central FPD decides and announces the results of enterprise classification.
- □ All the above are correct

6. Responsibilities for supply chain control of the local forest protection department under VPA/FLEGT include:

- □ Receipt, entry and archive of supply chain declarations, physical check systematically, at random and on an ad-hoc basis.
- □ Data analysis to compare the volume between supply chain stages, between sellers and buyers, to compare the actual volume of the timber shipment with the volume declared by the company/household, and the volume of import and export at processing plants.
- □ Verification and endorsement of information in the input and output monitoring books of organisations handling timber from domestic natural forests.
- □ All the above are correct

7. Which of the following statements are true?

- □ Category 2 organisations and households are required by verifying entities to undergo documentary and physical checks of all shipments. The minimum physical inspection rate is 20% of each shipment in the supply chain before export.
- □ Timber and timber products covered by CITES regulations are not exempt from FLEGT licensing requirements.
- □ The validity period of FLEGT licenses is up to 12 months from the date of issue. FLEGT licenses can be renewed once.
- □ A FLEGT license is only issued for one shipment of an exporter transported to the first port of entry into the EU market.

Part 2: Introduction to due diligence

1. What are the sources of risk?

- □ Risks caused by the complexity of supply chain
- □ Risk related to the completeness of information
- □ Risks related to timber species and geographical origin
- □ Risks related to timber dossier and documents

2. Steps in conducting due diligence are:

- □ Collecting information, identifying then mitigating risks
- □ Collecting information, assessing then mitigating risks
- □ Identifying, specifying, then mitigating risks
- □ Identifying risks, collecting information, then mitigating risks

3. When exercising due diligence, attention should be paid to:

- □ Types of components, product parts
- □ Supply chain complexity
- □ Differentiating levels of risk
- □ Quality management

4. What is the difference between due diligence (risk-based assessment) and conformance assessment?

- □ Due diligence is based on regulatory requirements or applicable standard criteria, while compliance audits are based on the specific situation of each company.
- □ Due diligence depends on the risk situation, compliance audits do not depend on the risk situation.
- □ Due diligence is based on the specific situation, compliance audits are based on legal
- □ requirements or applicable standard criteria.
- □ Due diligence is the government's assessment system, compliance audits are conducted on a voluntary basis.

Part 3: Access to information

1. What kind of information should be collected and documented:

- □ Product type
- □ Species
- □ Origin
- □ Volume
- □ Supplier
- □ Certification/verification status

2. How should importers of timber and timber products collect information about their supply chain?

- □ Informing all suppliers of due diligence requirements and asking for their consent to collaborate in writing
- □ Conducting site visits to country of supplier
- □ Outsourcing to a third party (e.g. Preferred by Nature) to collect information on their behalf

3.What kind of documentations may be relevant to the risk assessment of the "Third Party Rights" category:

- □ Approved harvesting plan
- □ Environmental impact assessment
- □ Health and safety records
- □ Specific reports on tenure and rights claims and conflicts
- □ Tax documents

4. What should importers do immediately after they have obtained and recorded supply chain information?

- □ Map the supply chain
- □ Analyse information and identify gaps
- □ Assess the risks
- □ Do nothing

5. When do importers need to collect additional information about the supply chain?

- □ When gaps in supply chain information have been identified
- □ When importers want to map their supply chains
- □ When the level of risk is considered “negligible”
- □ When there are concerns about the relevance, accuracy or applicability of information provided

6. What type of additional information can be collected when the existing information is lacking or incomplete?

- □ Documentation
- □ Timber testing
- □ Stakeholder consultation
- □ Supplier clarification

Part 4: Risk assessment

1. The main steps of risk assessment are:

- □ Supplier evaluation
- □ Risk identification
- □ Risk specification
- □ Risk mitigation

2. The main types of risk to be specified are?

Các vi phạm trong quản lý rừng

- □ Violations in forest management
- □ Violations by forest management agencies in issuing licenses
- □ Violations in the supply chain
- □ Mixing of material in the supply chain

3.What aspects of risk should be considered during risk identification?

- □ Species risk
- □ Employment at the supplier’s factory
- □ Certification status
- □ Transport in the export country

4. Which techniques in timber testing can be used to identify timber species:

- □ Stable isotope
- □ DNA testing
- □ Wood anatomy

5. Sourcing certified material…:

- □ means that the material can be considered FLEGT/VPA compliant
- □ can be used as a risk mitigation measure
- □ is not recommended by the Vietnamese Government
- □ is a prerequisite for a FLEGT license

6.What are the possible data sources for risk assessment:

- □ Wikipedia
- □ Interviews with neighbours and the local community
- □ National statistical reports
- □ Expert inputs

7. When can a problem be considered “low risk”?

- □ Limited in its impact
- □ Indicates the absence or break down of enforcement of the legal system
- □ Unusual or non-systematic
- □ It has a significant negative impact on society

Part 5: Risk mitigation

1. Which of the following four activities is risk mitigation?

- □ Supply chain auditing
- □ Supplier replacement
- □ Switch to certified materials
- □ Stopping imports from suppliers in risk countries

2. Risk mitigation actions can be carried out at:

- □ Processing facility level
- □ Supply chain level
- □ Forest Management Enterprise (FME) level
- □ Country level

3.Which of the following options controls the risk of mixing illegal or unknown timber origin in the supply chain?

- □ Implementing CoC processes
- □ Conducting supplier audits

- □ Using certified products
- □ Conducting timber checks

4. What is the most important activity in risk mitigation?

- □ Gathering complete information about the supply chain
- □ Having robust risk mitigation procedures
- □ Collaborating with suppliers
- □ Supplier verification

5. Supplier verification process requires:

- □ Document review
- □ Field visits
- □ Stakeholder consultations
- □ Interviews

6. Supplier verification according to a company's own-verification programme may be carried out by:

- □ Government agencies
- □ Company (exporter)
- □ Third party (audit body)

PART B: CASE STUDIES

General guidance

Main content:

- You will work in small groups (about 10 members per group).
- There are three exercises reflecting the authority's responsibility for compliance audits.
- Detailed instructions, expected results, timing and recommended tools are provided in each exercise.
- You are encouraged to apply your operational experience to the discussions and debate. There is not always a right or wrong answer.

Situation

You are a forest ranger/customs officer conducting a compliance audit at a large timber trading company in Viet Nam: Company A. This company imports logs, sawn wood and semi-finished wood components from all over the world, including some African countries. Company A's main customers are furniture manufacturers in Viet Nam and the demand is growing rapidly. You have been tasked with conducting Company A's compliance audit for sourcing timber lippings, from a new supplier in Ghana. You have been provided with some information by Company A (details below) along with documents, which are available in Annex 1.

The direct supplier, Company B, is a processor based in Sekondi, Ghana. They buy logs and sell sawn wood, veneers, mouldings, etc. They don't have a voluntary forestry related certificate, but they told company A that the timber lippings are FSC certified, and the timber species is Wawa, a species commonly used for timber lippings. Company B has provided Company A with a set of dossiers for their shipment.

Company B has also provided documentation from their supplier, Company C, which they say is associated with the purchased lippings. Company C is a forest plantation management company based in Western Ghana. The company was established in 2009 as a subsidiary of a Dutch company. The core business of Company C is the establishment and management of sustainable forest plantations in degraded forest reserves. They have been awarded Timber Utilisation Contracts (TUCs), the rights to harvest in these forest reserves. The areas used to be productive semi-deciduous forest ecosystems until over-exploitation, bush fires and conversion to agricultural land caused severe degradation of the land over recent decades. Company C have informed their buyers that they have a website where all the information related to the legal aspects of their business can be found. They have passed on the Yield Approval associated with the shipment in question but forgot the TUC; however, they have informed the importer that it isn't necessary because the Yield Approval would not have been issued without one.

Company C manages the plantation and harvesting of the timber. Company B purchases and processes the timber, then deals with the customs declarations, export permits, phytosanitary certificates and the export contracts.

Exercise 1

Supply chain description and information check.

Expected time

20 minutes: 7 minutes for quick reading; 10 minutes for supply chain diagramming and for answering questions; 3 minutes for presentation.

Materials

- Exercise instructions (hard copy).
- Supply chain documentation in Appendix 1 of this exercise instruction.
- Paper and pen.

Tasks

1. Quickly read through the exercise's situation to describe the supply chain. The facilitator appoints one person to draw the supply chain diagram.

2. Regarding Part A of Form No. 03.

- o Has the information been filled in correctly?
- o Is there any missing information?

3. In Part B of Form No. 03, the importer selected section B2: "Timber from risk species or non-positive geographical region". Is this accurate?

Nominate one group member to present the results, in up to 5 minutes.

Exercise 2

Identify legal requirements and risks.

Expected time

25 minutes: 20 minutes for discussion; 5 minutes for each group to present.

Materials

- Ghana's timber legal risk dossier (print) and also available at Sourcing Hub.
- Form No. 03 (Document 7, pages 58, 58, 60 of this training manual).
- Paper and pen.

Tasks

- Regarding Section C of Form No. 03
  - In your opinion, is the information that company A declared correct?
  - If not, what additional information do you think should be provided?
  - How can you verify the information provided? Note: carefully review the legal dossier of Ghana.
- Nominate one group member to present the results, in up to 5 minutes

Exercise 3

Identify measures for risk mitigation.

Expected time

25 minutes: 20 minutes for preparation; 5 minutes for each group to present.

Materials

- Ghana's timber legal risk dossier.
- Form No. 03 (Document 7, pages 58, 58, 60 of this training manual).
- Paper and pen.

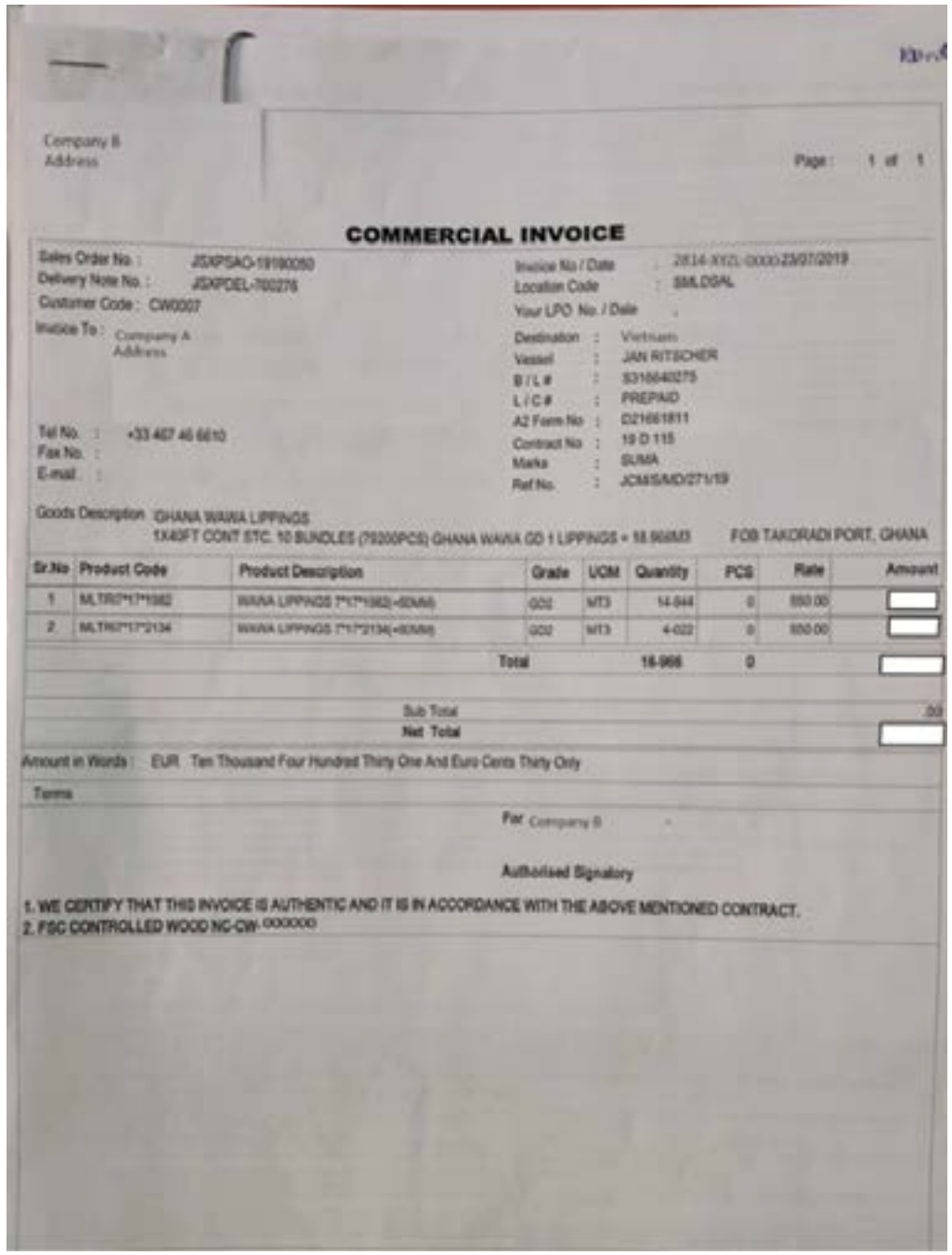
Tasks

- Table 1 in Section D of Form No. 03. Has company A declared correctly? If any information is missing from the table, write it down.
- Table 1 in Section D of Form No. 03. Do you think this information is enough to address the risks in Ghana? If missing, please provide additional information.

Students prepare to present and discuss with the whole class. You have up to 5 minutes.

DOCUMENTS

Document 1



Company B
Address

Page : 1 of 1

COMMERCIAL INVOICE

Sales Order No. : JSXPSAO-19190050
Delivery Note No. : JSXPDEL-700276
Customer Code : CW0007
Invoice To : Company A
Address

Tel No. : +33 467 46 6610
Fax No. :
E-mail :

Invoice No / Date : 2814-XYZL-0000-23/07/2019
Location Code : SMLDSAL
Your LPO No. / Date :
Destination : Vietnam
Vessel : JAN RITSCHER
B / L # : S316640275
L / C # : PREPAID
A2 Form No : D21661811
Contract No : 19 D 115
Marks : SUMA
Ref No. : JCM/S/MD/271/19

Goods Description GHANA WAWA LIPPINGS
1X40FT CONT STC. 10 BUNDLES (78200PCS) GHANA WAWA GD 1 LIPPINGS = 18.968M3 FOB TAKORADI PORT, GHANA

Sr.No	Product Code	Product Description	Grade	UOM	Quantity	PCS	Rate	Amount
1	MLTRD*17*1982	WAWA LIPPINGS 7*17*1982=82M3	GD2	MT3	14.944	0	550.00	
2	MLTRD*17*2134	WAWA LIPPINGS 7*17*2134(=82M3)	GD2	MT3	4.022	0	550.00	
		Total			18.966	0		

Sub Total .00
Net Total

Amount in Words : EUR Ten Thousand Four Hundred Thirty One And Euro Cents Thirty Only

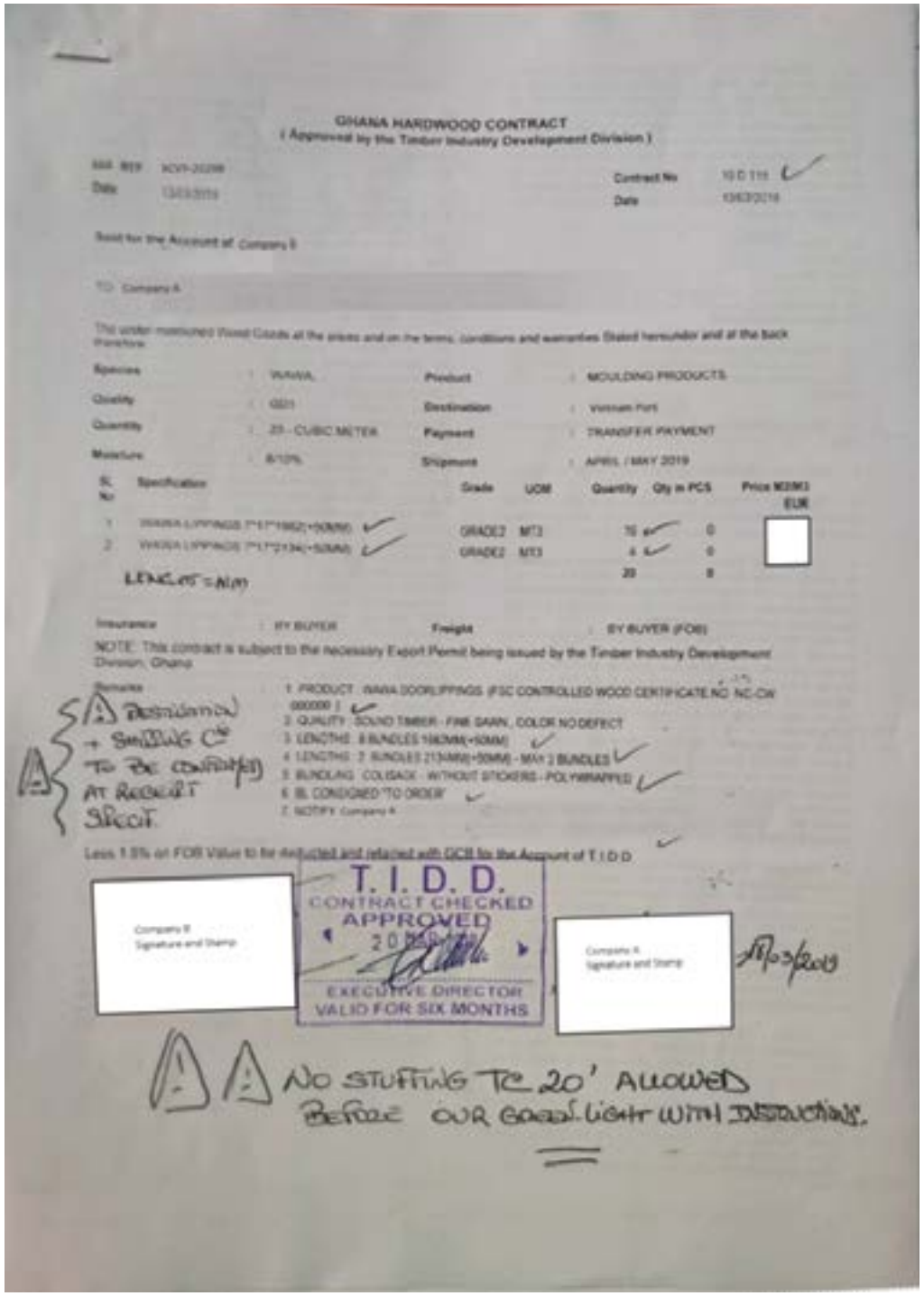
Terms

For Company B

Authorised Signatory

1. WE CERTIFY THAT THIS INVOICE IS AUTHENTIC AND IT IS IN ACCORDANCE WITH THE ABOVE MENTIONED CONTRACT.
2. FSC CONTROLLED WOOD NC-CW-000000

Document 2



GHANA HARDWOOD CONTRACT
(Approved by the Timber Industry Development Division)

Contract No 18 D 115
Date 03/03/2019

Sold for the Account of Company B

TO Company A

The under mentioned Wood Goods at the prices and on the terms, conditions and warranties Stated hereunder and at the back thereof.

Species : WAWA
Quality : GEO
Quantity : 20 - CUBIC METER
Moisture : 8-10%
Product : MOULDING PRODUCTS
Destination : Vietnam Port
Payment : TRANSFER PAYMENT
Shipment : APRIL / MAY 2019

Sl. No	Specification	Grade	UOM	Quantity	Qty in PCS	Price KD/M3 EUR
1	WAWA LIPPINGS 7*17*1982(+50MM)	GRADE2	MT3	16	0	
2	WAWA LIPPINGS 7*17*2134(+50MM)	GRADE2	MT3	4	0	
				20	0	

LENGTHS = MIN

Insurance : BY BUYER
Freight : BY BUYER (FOB)

NOTE: This contract is subject to the necessary Export Permit being issued by the Timber Industry Development Division, Ghana

Remarks
1. PRODUCT : WAWA DOORLIPPINGS (FSC CONTROLLED WOOD CERTIFICATE NO: NC-CW-000000)
2. QUALITY : SOUND TIMBER - FINE GRAIN , COLOR NO DEFECT
3. LENGTHS : 8 BUNDLES 1983MM(+50MM)
4. LENGTHS : 2 BUNDLES 2134MM(+50MM) - MAX 2 BUNDLES
5. BUNDLING : COLSACK - WITHOUT STICKERS - POLYWRAPPED
6. BL CONSIGNED TO ORDER
7. NOTIFY Company A

Less 1.5% on FOB Value to be deducted and retained with GCB for the Account of T.I.D.D

Company B
Signature and Stamp

T. I. D. D.
CONTRACT CHECKED
APPROVED
20 MAR 2019
EXECUTIVE DIRECTOR
VALID FOR SIX MONTHS

Company A
Signature and Stamp

NO STUFFING TO 20' ALLOWED BEFORE OUR GOOD LIGHT WITH INSTRUCTIONS.

Document 3

CARRIER
Grimaldi Deep Sea S.p.A.
Via N. Cattaneo, 13 - 80133 Napoli - Italy

COMBINED TRANSPORT BILL OF LADING
To be used also as PORT TO PORT B/L

Booking No. 031444275
Ref. No.
B/L No.

Shipper
Company B

Consignee
TO ORDER

Notify
Company A

Forwarding Agent
GRIMALDI DEEP SEA S.p.A.

Port of Loading
TAKORADI

Port of Discharge
Tarkeh

Place of Delivery

Place of Acceptance

9 000166 402756

PARTICULARS AS FURNISHED BY THE SHIPPER

Marks and Nos.	Quantity	Kind of packages; description of goods	Weight kg	Measurement CBM
SHOU2180228 Seal #(s): MAU339434 TARE WEIGHT: 2210 Kgs	1	20 Ft. Dry Cargo CONTAINER(S) SAID TO CONTAIN 16 BUNDLES (79200 PCS) GHANA WAWA GRADE 1 LIPPINGS CONTRACT NO. 18 D 115 FSC CONTROLLED WOOD NC-CW-000000	8,360.000 KGS	18.366 CBM

Total No. of Containers: 1

DRAFT

Place and date of issue
Takoradi 2019-07-23

Gross freight payable at
Tarkeh

Shipped on board date
2019-07-23

No. of original B/Ls
Three(3)

Signature(s)/Agent of above mentioned carrier(s)

All shipment Value

Page 1 of 1

Document 4

CERTIFICATE No. 2/02/3802

FACTORIES, OFFICES AND SHOPS ACT, 1970
(ACT 328)

Certificate of Registration

I hereby certify that

the factory named below has been duly registered in pursuance of section 3 of the Factories, Offices and Shops Act, 1970

Name of Occupier Company B

Address and Location of Factory Sekondi

Nature of Work WOOD PROCESSING.

AG. *Chief Inspector of Factories*
(F. OHENE-MENSAH)

Dated this 17TH day of JANUARY 2017

Document 5

TIN: XXVYGH03

REPUBLIC OF GHANA

The Registration of Business Names Act, 1962(No.151)

Certificate of Registration

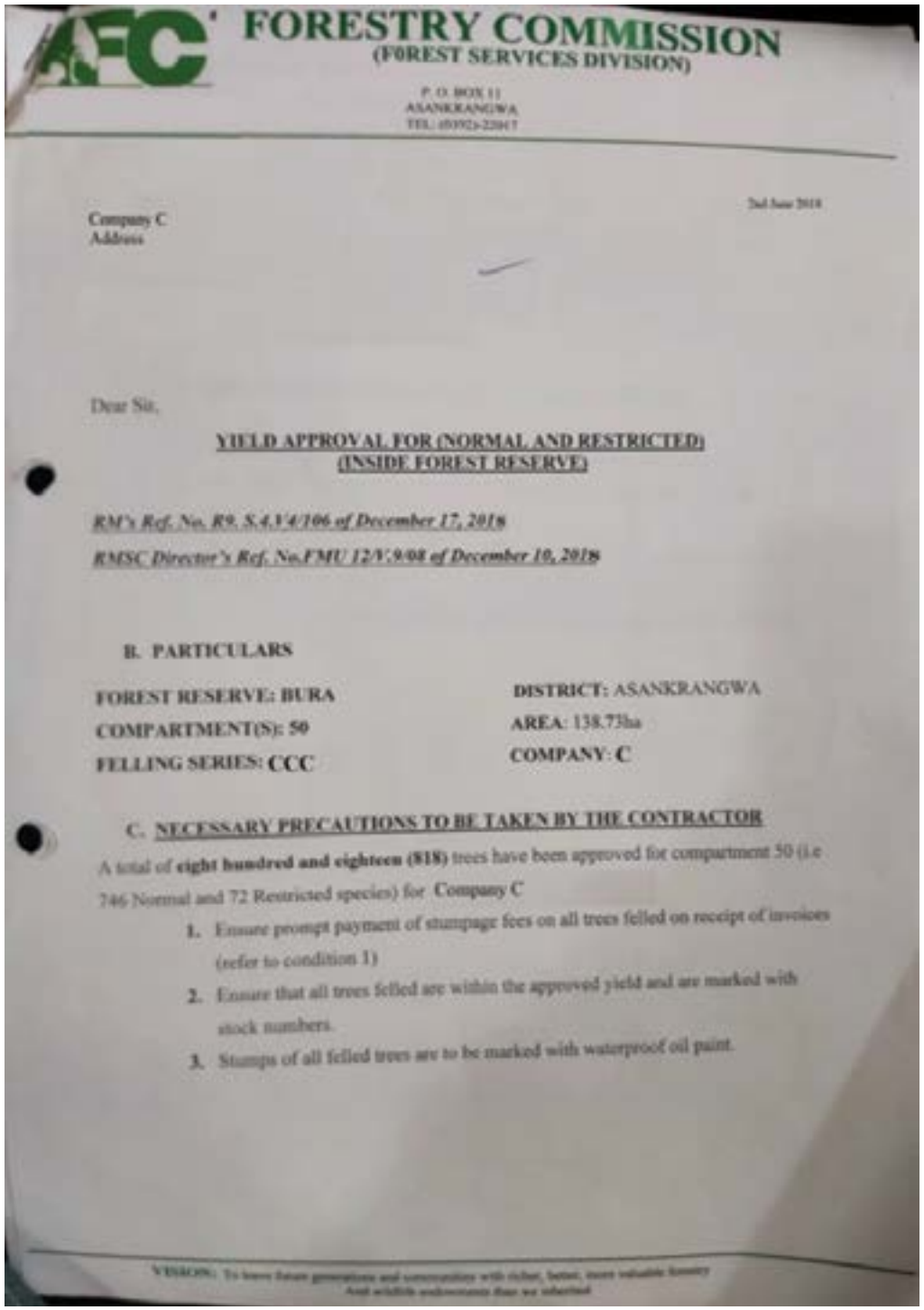
I hereby certify that the following Business Name has been registered under the above-mentioned Act as No.
60799926

Company C

Dated this 23rd day of March 2009

For: Registrar of Companies

Document 6a



FORESTRY COMMISSION
(FOREST SERVICES DIVISION)

P. O. BOX 11
ASANKRANGWA
TEL: (0352)-22017

2nd June 2018

Company C
Address

Dear Sir,

YIELD APPROVAL FOR (NORMAL AND RESTRICTED)
(INSIDE FOREST RESERVE)

RM's Ref. No. R9. S.4.V4/106 of December 17, 2018

RMSC Director's Ref. No.FMU 12/V.9/08 of December 10, 2018

B. PARTICULARS

FOREST RESERVE: BURA
DISTRICT: ASANKRANGWA
COMPARTMENT(S): 50
AREA: 138.73ha
FELLING SERIES: CCC
COMPANY: C

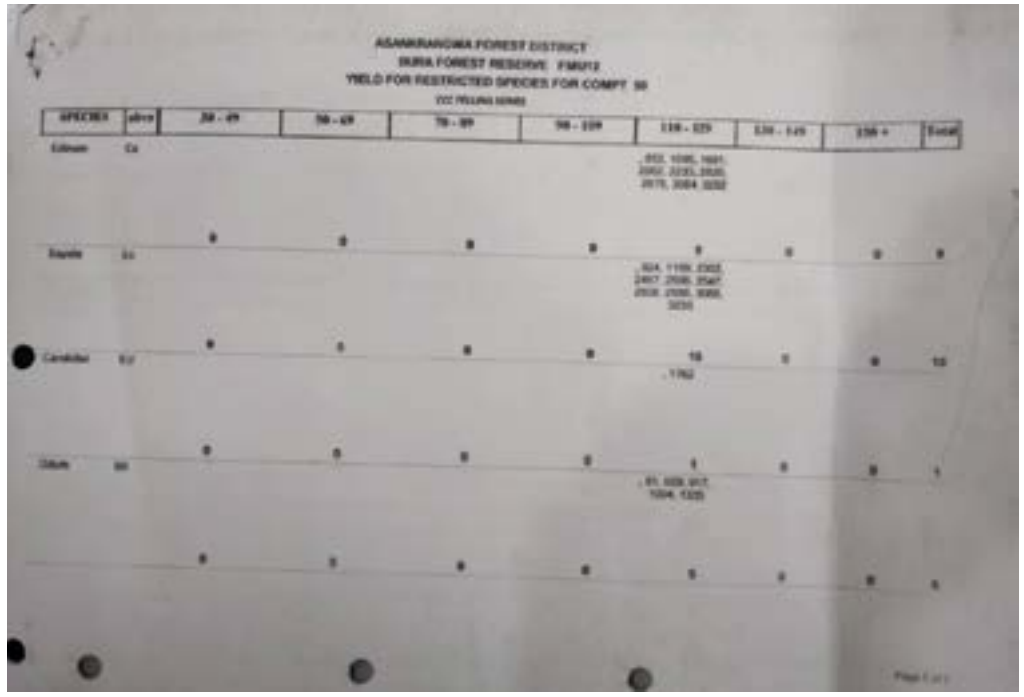
C. NECESSARY PRECAUTIONS TO BE TAKEN BY THE CONTRACTOR

A total of **eight hundred and eighteen (818)** trees have been approved for compartment 50 (i.e 746 Normal and 72 Restricted species) for Company C

1. Ensure prompt payment of stumpage fees on all trees felled on receipt of invoices (refer to condition 1)
2. Ensure that all trees felled are within the approved yield and are marked with stock numbers.
3. Stumps of all felled trees are to be marked with waterproof oil paint.

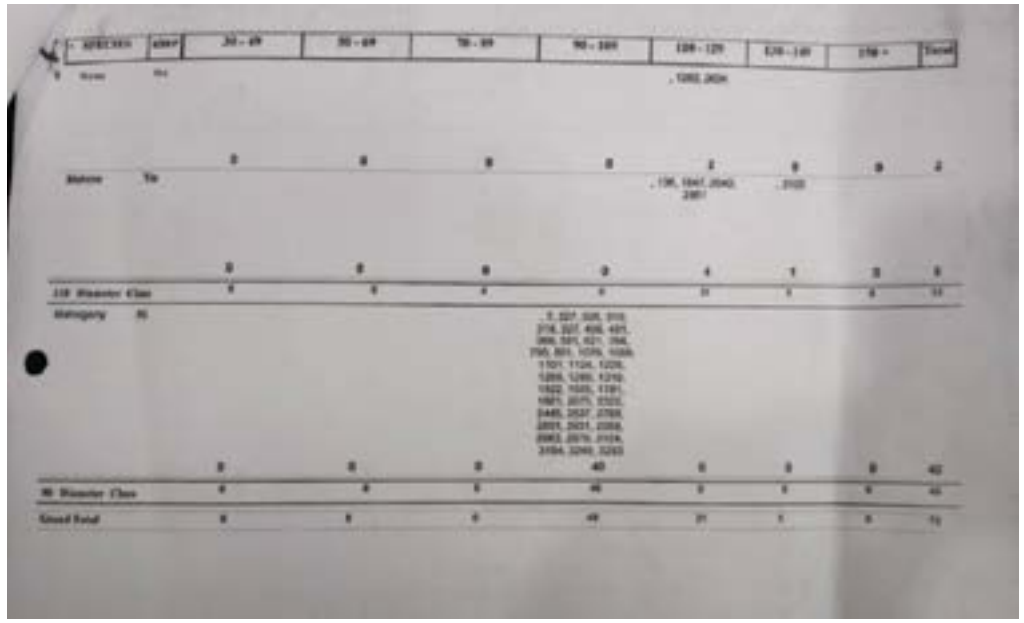
VISION: To leave future generations and communities with richer, better, more valuable forestry And wildlife endowments than we inherited

Document 6b



ASANKRANGWA FOREST DISTRICT
BURA FOREST RESERVE FMU12
YIELD FOR RESTRICTED SPECIES FOR COMPT 50

Document 6c



Sample 03

Mẫu số 03. Bảng kê khai nguồn gốc gỗ nhập khẩu

BẢNG KÊ KHAI NGUỒN GỐC GỖ NHẬP KHẨU

A. THÔNG TIN CHUNG VỀ LÔ HÀNG

1. Tên và địa chỉ của chủ gỗ nhập khẩu [1]:.....CÔNG TY A.....
2. Tên và địa chỉ của chủ gỗ xuất khẩu [2]:.....CÔNG TY B.....
3. Mô tả hàng hoá [3]:.....Nẹp sàn gỗ (Lippings).....
4. Mã HS:.....9403.30.30.00.....
5. Tên khoa học của loài:.....TRICHOLOBIUM SCLEROXYLON.....
6. Tên thương mại của loài [4]:.....WANA.....
7. Khối lượng/Trọng lượng/ Số lượng hàng hóa [5]:.....20 m³.....
8. Số vận đơn (B/L):.....S.3647037.....
9. Số hoá đơn:.....2017 - XYZ - 0000.....
10. Bảng kê gỗ [6]:.....N/A.....
11. Nước xuất khẩu:.....GHANA.....
12. Quốc gia nơi khai thác:.....GHANA.....

B. MỨC ĐỘ RỦI RO CỦA LÔ HÀNG NHẬP KHẨU

Tùy theo tình trạng lô hàng, đánh dấu vào ô thích hợp dưới đây:

☐ B1. Gỗ không thuộc loài rủi ro và gỗ từ vùng địa lý tích cực, **không yêu cầu tài liệu bổ sung, kê khai theo Mục C, Mục D dưới đây.**

☒ B2. Gỗ thuộc loài rủi ro hoặc gỗ từ vùng địa lý không tích cực, **yêu cầu tài liệu bổ sung và kê khai theo Mục C và D dưới đây.**

C. TÀI LIỆU BỔ SUNG

1. Gỗ nguyên liệu (ví dụ: thuộc các mã HS 4403, 4406, 4407)

Nếu gỗ nhập khẩu từ loài rủi ro hoặc từ vùng địa lý không tích cực, thì chủ gỗ phải kê khai một trong các tài liệu về nguồn gốc khai thác hợp pháp và xuất trình kèm theo các tài liệu kê khai sau đây:

a) Chứng chỉ tự nguyện hoặc chứng chỉ quốc gia của nước xuất khẩu được Việt Nam công nhận là đã đáp ứng tiêu chí của Hệ thống bảo đảm gỗ hợp pháp Việt Nam:

TT	Tên loại chứng chỉ	Số hiệu chứng chỉ	Thời hạn của chứng chỉ
	FSC CW	NC-CW-000	✓

b) Giấy phép hoặc tài liệu chứng minh được phép khai thác gỗ:

TT	Loại giấy phép hoặc tài liệu	Số giấy phép hoặc số tài liệu	Ngày ban hành	Cơ quan/chủ thể ban hành	Ghi chú
	Phê duyệt KH trồng	RS 54.V4/106	17/12/2018	FC	✓

c) Trường hợp quốc gia nơi khai thác gỗ không quy định giấy phép khai thác đối với khu rừng mà gỗ này được khai thác, đề nghị cung cấp tài liệu bổ sung sau:

TT	Loại tài liệu[7]	Tài liệu số	Ngày ban hành	Chủ thể ban hành	Ghi chú
Quốc gia nơi khai thác:					
Tên và địa chỉ của nhà cung cấp					
Lý do không quy định giấy phép					

☐ Đính kèm bản sao các loại tài liệu (nếu có)

d) Trường hợp không có tài liệu khai thác, đề nghị cung cấp thông tin bổ sung sau:

TT	Loại tài liệu thay thế tài liệu khai thác	Tài liệu số	Ngày ban hành	Chủ thể ban hành	Ghi chú
Quốc gia nơi khai thác:					
Tên và địa chỉ của nhà cung cấp					
Lý do không có tài liệu khai thác					

☒ Đính kèm bản sao các loại tài liệu thay thế (nếu có) – Hardwood Contract (Hợp đồng Gỗ cứng)

☒ Sản phẩm gỗ hỗn hợp (ví dụ: các mã HS thuộc chương 44 và 94 ngoại trừ các mã HS: 4403, 4406, 4407)

Nếu sản phẩm gỗ được làm từ gỗ thuộc loài rủi ro hoặc từ vùng địa lý không tích cực thì chủ gỗ phải kê khai một trong các tài liệu về nguồn gốc khai thác hợp pháp và xuất trình kèm theo các tài liệu kê khai sau đây:

a) Chứng chỉ tự nguyện hoặc chứng chỉ quốc gia nước xuất khẩu được Việt Nam công nhận là đã đáp ứng tiêu chí của Hệ thống bảo đảm gỗ hợp pháp Việt Nam:

TT	Chứng chỉ (tên và loại)	Số hiệu chứng chỉ	Thời hạn của chứng chỉ

b) Trường hợp không có giấy phép hoặc tài liệu khai thác:

TT	Tài liệu chứng minh tính hợp pháp của gỗ	Tài liệu số	Ngày ban hành	Chủ thể ban hành	Ghi chú
Xuất xứ gỗ:					
Tên và địa chỉ của nhà cung cấp/nhà xuất khẩu:					
Tài liệu bổ sung thay thế chứng minh tính hợp pháp của gỗ theo quy định pháp luật của quốc gia nơi khai thác					

☒ Đính kèm bản sao các tài liệu chứng minh hợp pháp (nếu có).

D. CÁC BIỆN PHÁP BỔ SUNG CỦA CHỦ GỖ NHẬP KHẨU ĐỂ GIẢM THIỂU RỦI RO LIÊN QUAN ĐẾN TÍNH HỢP PHÁP CỦA GỖ THEO QUY ĐỊNH PHÁP LUẬT CỦA QUỐC GIA NƠI KHAI THÁC:

1. Thông tin về quy định pháp luật đối với xuất khẩu gỗ của quốc gia khai thác: Xác định các quy định pháp luật (ví dụ: cấm xuất khẩu, yêu cầu giấy phép xuất khẩu v.v...) áp dụng đối với xuất khẩu gỗ cho từng sản phẩm hoặc loài của quốc gia nơi khai thác.

TT	Sản phẩm, loài và quốc gia nơi khai thác	Quy định pháp luật đối với xuất khẩu gỗ của quốc gia nơi khai thác	Bằng chứng tuân thủ
	WANA LUPPINES (Nhập chữ cái đầu tiên) - GHANA	GIẤY PHÉP XUẤT KHẨU	GIẤY PHÉP XUẤT KHẨU

2. Xác định rủi ro và biện pháp giảm thiểu: Xác định bất cứ rủi ro về khai thác và thương mại bất hợp pháp liên quan đến lô hàng theo quy định pháp luật của quốc gia nơi khai thác và đề xuất các biện pháp giảm thiểu.

TT	Các rủi ro	Biện pháp giảm thiểu rủi ro
	KHÔNG CÓ	CÓ CHỨNG NHẬN FSC

Cam kết của chủ gỗ nhập khẩu: Tôi xin cam kết những thông tin kê khai là đúng, đầy đủ, chính xác và chịu trách nhiệm trước pháp luật về những thông tin đã kê khai.

....., ngày.....tháng ...năm ....
CHỦ GỖ NHẬP KHẨU
(Ký, ghi rõ họ tên, đóng dấu (nếu có))

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4

WOOD IDENTIFICATION AND SPECIES RISK

4.1. RISKS IN WOOD NAME DECLARATION WHEN EXPORTING AND IMPORTING TIMBER AND WOOD PRODUCTS

4.1.1. Background of wood species name

Common name/local name: Name in a country or a locality within a country or territory for a wood species, usually the woods naturally grown or have long been introduced and planted there. Since each country and region can have different names, a wood species usually has one or more local names. There may be one local name for several species of wood with similar characteristics, or multiple local names for one species of wood. Local names can be short, long, single-syllable or multi-syllable.

Trade name: Derived from one or more local names, or names used by sellers and buyers in trade, and has become a trade name for that wood. Trade names share all the same characteristics as the above-mentioned local names.

Scientific name: The first name given to a species and recognised worldwide. Each wood species has only one accepted scientific name at a time. A basic scientific name consists of 3 parts:

- Botanical genus name: first
- Species name: second
- Author's name: third

The scientific name of a plant species is usually written in italics in the first 2 parts (genus name and species name), and in ordinary style in the third part. Scientific names can be written briefly, using only the first two parts, name of the plant genus and name of the species, without the author's name.

Scientific name synonym: A scientific name given to a species but later found that it coincides with a previously recognised species, so it becomes a synonym. Thus, a species may or may not have one or more scientific name synonym.

PALISSANDRE PARA (Dalbergia spruceana)

Trade name:
Palissandre para

Scientific name:
Dalbergia spruceana (Benth.) Benth.

Common name:
Saboarana (Bra-xin), Jacaranda-Pedra (Bra-xin), Jacaranda-Da-Caatinga (Bra-xin), Jacamin (Bra-xin)

Synonym:
Miscolobium spruceanum Benth; *Amerimnon spruceanum* (Benth.) Kuntze

OAK	
Cyprus Oak	*Quercus infectoria*
Algerian Oak	*Quercus canariensis*
White Oak	*Quercus alba*
Look Oak	*Quercus look*
Holm Oak	*Quercus ilex*
Canyon Oak	*Quercus chrysolepis*
Oregon White Oak	*Quercus garryana*
Bluff Oak	*Quercus austrina*
Post Oak	*Quercus stellata*
Palmer Oak	*Quercus palmeri*
Sadler's Oak	*Quercus sadleriana*
Shinnery Oak	*Quercus havardii*
Caucasian Oak	*Quercus pungens*
Gambel Oak	*Quercus gambelii*

Figure 26: left – Common name, trade name, scientific name and synonyms of a timber species in the genus Dalbergia; right – The common name "oak" is used for various species

In fact, a species can have many different local names, trade names, and synonyms. At the same time, a common name or trade name may be used for many different species.

4.1.2. Supplementary documents when declaring the import of timber listed in the CITES Appendices

In case of timber listed in the CITES Appendixes:

- Copy of the CITES export or re-export permit issued by the CITES Management Authority of the exporting or re-exporting country; and
- Copy of the CITES import permit issued by the CITES Management Authority of Viet Nam.

4.1.3. Common mistake wood name declaration

– Spelling mistake in scientific name. Example:

> Dried cherry lumber 4/4" 2KD, scientific name Brunus sp., Category 6 timber Unit price: 440 USD

Correct entry: Cherry lumber (Scientific name: *Prunus sp*.).

> Bubinga purple wood (Buiboatra Demeusei) round, diameter 179.5cmto 190cm length 2.5m, not in Ctes Appendices

Correct entry: Bubinga log (Scientific name: *Guibourtia demeusei*).

- Trade name mistake. Example:

> DALBERGIA RETUSA logs. (Scientific name: COCOBOLO) length: (1.0 – 3.0) m, diameter: (11 – 50)cm #&SV

Correct entry: Cocobolo logs (Scientific name: *Dalbergia retusa*).

- Mismatching of trade names and scientific names. Example:

(*Pterocarpus erinaceus*) là loài có trong Phụ lục II CITES

> Ironwood Okan logs TALI ROUND LOGS – not in Cites Appendices (Category 2 timber) (Scientific name: Erythophleum gabunense) Dimensions: length 6 - 12m, diameter: 70+cm

Correct entry: Okan logs (Scientific name: *Cylicodiscus gabunensis*).

In this example the wood is declared in two different trade names (okan and tali) and a synonym of okan wood.

- Declare wrong wood name. Example:

Doussie wood *(Afzelia africana)* declared for the shipment of Kosso (Ven) *(Pterocarpus erinaceus)* which is listed in the CITES Appendix II.

4.1.4. Some solutions to reduce risks in declaration (for enterprises and for regulators)

- Check for spelling mistake of scientific names: access the following websites

  http://www.theplantlist.org/;

  https://www.google.com/

- Check for trade name against scientific name: access the following websites

  https://www.wood-database.com/;

  https://www.prota4u.org/database/ ;

  https://www.itto.int/

- Check for high-risk species and species previously imported into Viet Nam at http://www.kiemlam.org.vn/
- Provide training for officers directly inspecting timber and timber products, develop materials and guidelines for distinguish high-risk timber products.
- Consult technical agencies when unable to check for information or request examinations when necessary.

4.1.5. Guidance on looking up species name

A.A. Check on the scientific name that the enterprise declares to seee whether the scientific name is acceptable, and this name is on the list of risk timber species or not.

For example, look up the following name as officially recognized scientific names *Abies sachalinensis, Mimosa melanoxylon*

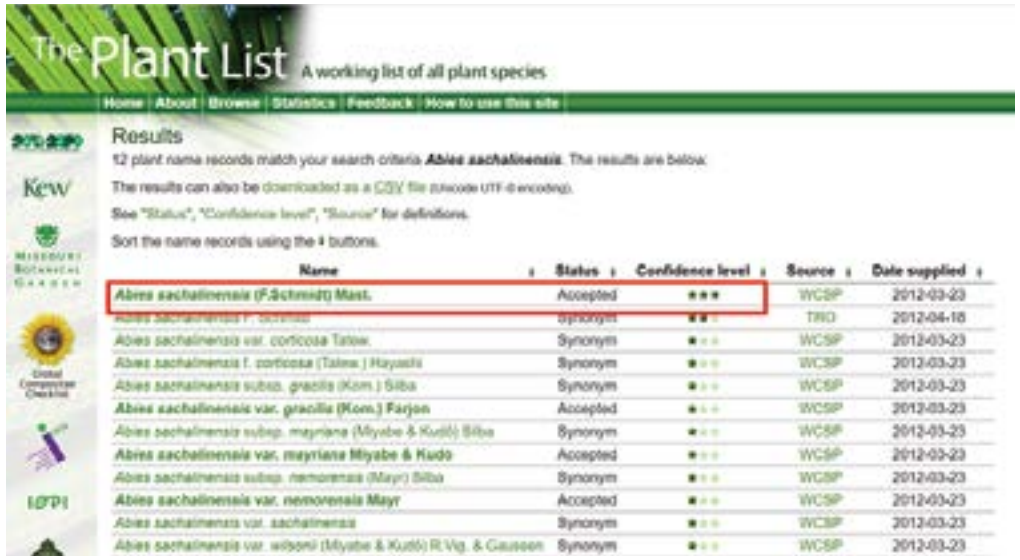
Step 1: Go to website: http://www.theplantlist.org/

Enter the scientific name provided in the box below and press search after entering

Step 2: Check the result

- If the scientific name being looked up matches entirely or partially with multiple scientific names in the database, the return result will appear in the form of a table as below.
- Compare with the corresponding columns in the results section as follows:
  + The Name column states all the species names that are identical or closest to the species names being looked up. The officially accepted scientific name will be bolded. The scientific name is not bold.
  + The Status column indicates the scientific name in the Name column as the officially accepted name or synonym.
  + The Confidence level column indicates the reliability of the corresponding scientific name in the Name column. Three stars is the highest level.
  + Source column refers to the source of information.
  + The Date Supplied column indicates the date the information is provided.
- The results stated in the Name and Source columns (blue) usually have an submerged link to the individual page of the species name/source of that information. If necessary, you can click to see more information.

Example 1: Abies sachalinensis is the official scientific name, globally accepted as the result of the lookup in the table. Therefore, this name can always be used to look up risky wood.



Example 2: Mimosa melanoxylon is just another name for *Acacia melanoxylon*, so when looking up in the tables, the name *Acacia melanoxylon* should be used to see whether it is on the list of risk species or not.

Step 3: Look up the list of risk wood species

Use the official, globally accepted scientific name to look up the list of species of risk wood as prescribed by the Ministry of Agriculture and Rural Development or CITES lists, of domestic or IUCN decrees

Notes:

In case of misspelling (2nd part of the name), the result will give the names with the genus name (the first part of the name) that coincides, the searcher needs to filter the name in the list of species that best match the name of the species declared by the business.

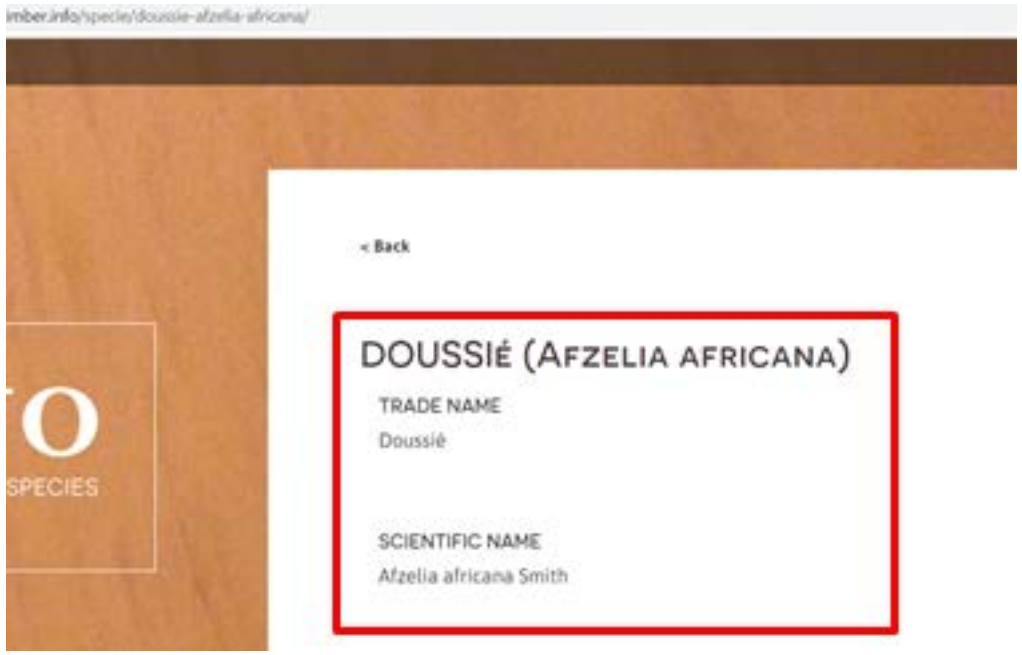
In the case of misspelling the genus name or both the genus name (the first part of the name) and the species name (the second part of the name), the result will be returned as not found.

In this case, do a Google search on the name and finding the nearest, least misspelled name (only 1-2 letters wrong), it can be used to look up again as step 1. If there are difficulties or it is need to be checked again, please contact specialized scientific agencies such as Viet Nam Academy of Forestry Sciences (hotline 0973385012), University of Forestry, Forest Investigation and Planning Institute, Institute of Ecology and Biological Resources.

B. Look up the scientific name from the trade name declared by the enterprise to see if the declared timber species is on the list of risk timber species

For example, look up the trade name “Doussie” declared by the enterprise without the scientific name

Step 1: Go to a specialized website such as https://www.wood-database.com/, https://www.prota4u.org/database/, http://www.tropicaltimber.info/ or https://www.google.com/ to find the scientific name corresponding to the declared name. Websites can be designed differently but have search boxes (usually with search letters and magnifying glass icons) for users to enter the information to look up.



4.2. METHODS IN WOOD IDENTIFICATION

4.2.1. Wood identification by DNA barcodes analysis

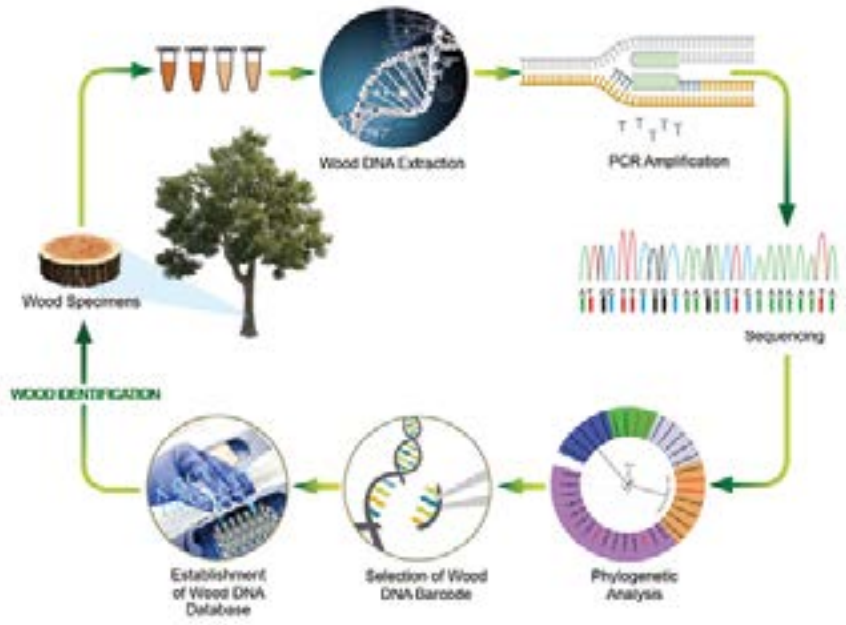


Figure 27: The extraction of DNA from wood and leaves performed in the same laboratory as animals
(Imagine source: Internet)

Method: Extract DNA from samples, sequence genes and compare with existing gene banks.

Advantages:

- Similar genetic analysis method as for animals.
- The most advanced method.
- Most accurate results.
- Enable origin identification.

Disadvantages:

- Requires modern and costly equipment.
- Long implementing time especially from dry wood samples.
- Plant gene bank database is under construction.

4.2.2. Wood identification by chemical analysis

Figure 28: Wood samples taken in a small sample, put into machine to extract chemicals
(Imagine source: Internet)

Method: Extract the chemical components present in the wood sample, identify and compare the spectrum with the data bank.

Advantages:

- Quick analysis (about 10 minutes).
- Highly accurate results.
- Easy-to-use device.

Disadvantages:

- High equipment cost, expensive chemicals.
- Database under construction.

4.2.3. Wood identification by image method using artificial intelligence

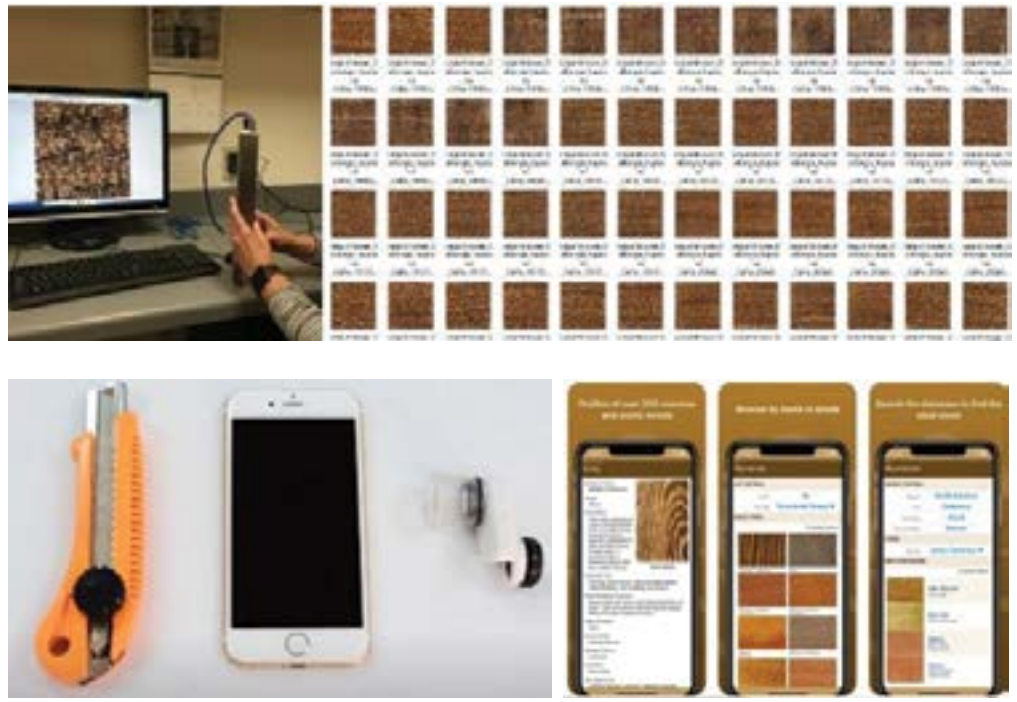
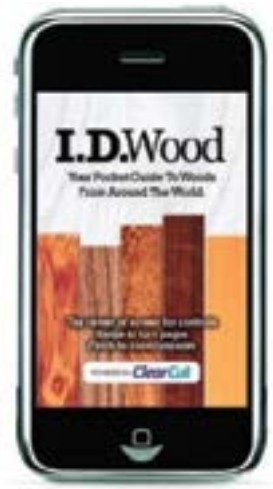


Figure 29: Macroscopic structure of timber: flat-cross sections (mainly), tangential and radial sections are put into the storage system and compared with the wood species to be examined using specialised equipment or mobile phones

Method: Create flat cross-sections, take pictures and use software to analyse and compare with the database.



Advantages:

- Quick analysis (about 5-10 seconds).
- Simple device, easy to use.

Disadvantages:

- High cost of software and database.
- Relatively accurate results.
- Database under construction.
- Requires a large number of images for one species, at many positions in the tree.

4.2.4. Wood identification by studying wood structure

Figure 30: Macroscopic and microscopic features of wood are described using microscope and compared with the database for identification.
(Image source: Internet and Forest Technology Institute Laboratory)

Method: Determination of wood structure features by the naked eye, hand-held magnifying glass and microscope. Describe these features and compare them with a database of wood species or collection of wood specimens.

Advantages:

- Relatively quick (with the naked eye and hand-held magnifying glass: ~10-15 minutes); slow (with microscope: ~2-3 days).
- Simple, easy-to-use instrument (with the naked eye and hand-held magnifying glass), more complicated (with microscopy method).

Disadvantages:

- Requires practitioner to have in-depth knowledge and practical experience.
- Relatively accurate results (with naked eye and hand-held magnifying glass).
- Wood specimen used for comparison.

4.3. BASIC KNOWLEDGE IN WOOD ASSESSMENT BY MACROSCOPIC STRUCTURAL FEATURES

4.3.1. Key concepts and terms in wood identification

- **Softwood:**

Wood of gymnosperms or conifers (most species of this group have needle-shaped leaves). Gymnosperm wood has no vessels.

- **Hardwood:**

Wood of angiosperms, also known as broadleaf (most species of this group have broad leaves). Most angiosperms wood have vessels, except for a few species of small trees or shrubs in the family of Chloranthaceae, Trochodendraceae, and Winteraceae.

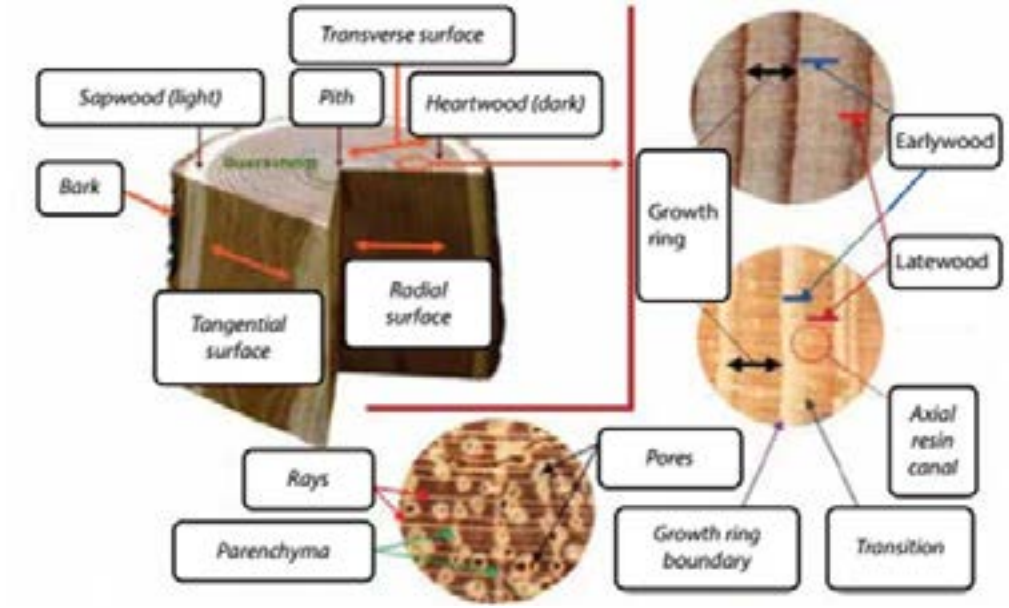


Figure 31: Structural features of wood observed on the cross-sections

- **Transverse surface:**

  The plane of the slice perpendicular to the longitudinal axis of the trunk or grain.

- **Tangential surface:**

  The plane of the slice parallel to the grain or trunk longitudinal axis and tangent to the growth ring.

- **Radial surface:**

  The plane of the slice parallel to the grain or trunk longitudinal axis and in diameter crossing the heartwood.

- **Sapwood and heartwood:**

  On the trunk cross-section of many woods, the sapwood is usually lighter in colour than the heartwood in the centre of the trunk.

- **Annual ring:**

  Wooden layer formed by a plant's phylogeny during a year.

- **Growth ring:**

  Wooden layer formed by a plant's phylogeny during a growth period.
  (In some cases, growth rings are also annual rings when the plant's growth period is one year).

- **Growth ring boundaries:**

  Intersection of wood from two consecutive periods seasons.

- **Woody grain:**

  Created from the arrangement of wood cells. If vertical splitting along the radial direction is easy and the split surface is relatively flat, the wood is considered straight grained. On the contrary, if vertical splitting is difficult and the split surface is wavy, the wood is considered wavy grained.

- **Wood colour:**

  Colour of new air-dried, sawn wood when observed with the naked eye under natural light.

- **Wood odour:**

  Newly air-dried sawn wood of some species has characteristic odours. For example, *Pterocarpus macrocarpus, Dalbergia tonkinensis* and species in the genus Cinnamomum, Cupressus, etc., have very distinct aroma.

- **Wood weight and hardness:**

  Air-dried wood density of less than 0.48 g/cm^3 for softwood and less than 0.65 g/cm^3 for hardwood are classified as light and soft wood. Those with density from 0.48 to 0.60 g/cm^3 for softwood and from 0.65 to 0.85 g/cm^3 for hardwood are classified as medium hard and heavy wood. Those with density greater than 0.60 g/cm^3 for softwood and greater than 0.85 g/cm^3 for hardwood are classified as heavy and hard wood.

  (In wood identification, if without modern tools to determine wood density, officers may press the wood with a fingernail. If the wood has a deep indentation, it is considered soft and light. If it is difficult to press with almost no dents, the wood is considered hard and heavy).

- **Colour streaks:**

  Dark streaks that create a pattern on the wood (often darker than the surrounding wood) on the tangential section, commonly found in timber of some species of the genus Dalbergia.

Figure 32: Black streaks on the tangential surface of Dalbergia cochinchinensis
(Source: [7])

- **Earlywood and latewood:**

  Earlywood: The wood produced at the beginning of the growth season in each growth ring or annual ring. Earlywood often has large cells, thin walls, light colour, is light, soft and has less strength properties than latewood.

  Latewood: The wood produced near the end of the growth season in each growth ring or annual ring. Latewood often has small size cells, thick wall, dark colour, is heavy, hard and has better strength properties than earlywood.

- **Earlywood–latewood transition:**

During a growth ring, when the boundary between early and late wood is distinctly different in colour, it is called abrupt transition.

When this boundary is difficult to define or not clear, it is called gradual transition.

Abrupt transition in Chinese swamp cypress *(G. pensilis)*

Gradual transition in Fujian cypress *(F. hodginsii)*

Transition abrupt and gradual in Taiwan cunninghamia *(C. konishii)*

Figure 33: Examples of transition forms in wood
(Source: [7])

- **Axial resin canals:**

  This feature is mainly found in softwood. Axial resin canals are run along the trunk, like some species of the genus Pinus.

- **Wood grain contrast:**

  This is a feature of softwood. The sharpness difference in early and late wood colours. If the colour difference of early and late wood in a growth ring is not sharp but monotonous and gradual, it is considered low grain contrast. If the early and late wood colours are very different, it is known as high grain contrast.

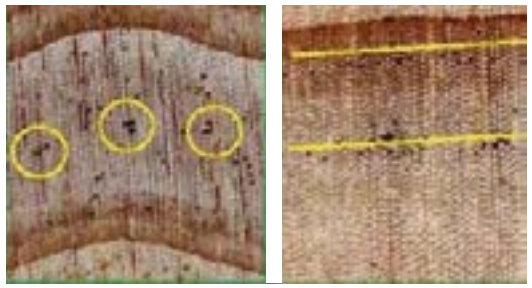
- **Axial parenchyma:**

  In softwood, axial parenchyma is very rare, even absent in many species.

  Axial parenchyma can be seen with a magnifying glass as it contains a coloured deposit, usually reddish brown. Depending on its arrangement, axial parenchyma is divided into:

  + Axial parenchyma scattered in annual rings.
  + Axial parenchyma aggregates into rings parallel to annual rings.

  In hardwood, axial parenchyma is much more abundant and diversely arranged, creating distinct structural features (terms from 24 to 36 in the description sheet).



Diffuse axial parenchyma in growth ring zone *(X. Viet Namensis)* ***Zonate Axial parenchyma (black dots) in a ring parallel to the growth rings*** *(F.hodginsii)*

Figure 34: Examples of parenchyma forms in wood
(Source: [7])

- **Vessels and pore:**

  Vessels: Organisation of thick-walled, tubular cells connected to form long, continuous tubes along the stem. The arrangement of the wood vessel varies according to the species.

  Pore: Round, oval or polygonal holes of vessels shown in transverse surface (Cross-sectional shape of wood vessels).
  In the description of wood structure, “wood vessel” is often used interchangeably with pore.

- **Small pore:**

  Pore is considered small when it is very difficult to see clearly with the naked eye in transverse surfaces.

- **Wood ring-porous vessel:**

  In an annual ring, early wood vessel has a larger diameter than that in late wood. Early wood vessels are in rings, and the vessel diameters change abruptly between early wood and late wood.

- **Wood diffuse-porous vessel:**

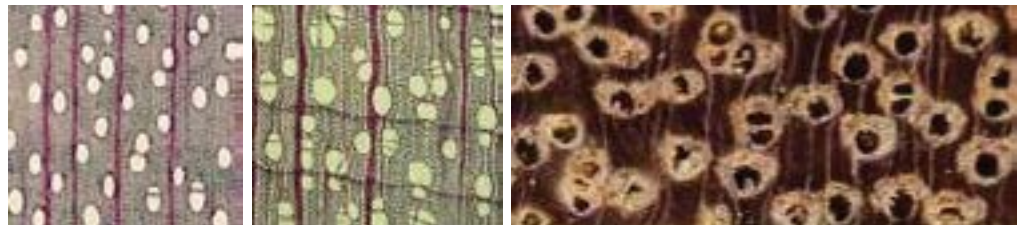
  Wood vessels having similar diameters in an annual ring.

- **Wood semi-ring-porous vessel:**

Ring-porous vessel in European Ash *(Fraxinus excelsior)* ***Diffuse-porous vessel in Dinh wood*** *(Markhamia stipulata)* ***Semi-ring-porous vessel in Butternut wood*** *(Juglans cinerea)*

Figure 35: Examples of porous vessel in timber *(Source: [7])*

Early wood vessels are larger than late wood annual rings, but the decrease is gradual. Or the wood has clear annual rings and early wood vessels, and late wood vessels are not much different. This is an intermediate form between ring porous and diffuse-porous.



Solitary vessel ***Multiple vessel*** ***Solitary and multiple vessels in Ironwood (E.Fordii)***

Figure 36: Examples of vessels in wood *(Source: [6],[7])*

- **Solitary vessels:**

  On the transverse surface, each pore stands alone.

- **Vessels exclusively solitary:**

  When 90% or more of pores are solitary.

- **Vessels in radial multiples less than four:**

  Two or three adjacent pores sharing a middle wall. On the transverse surface,

multiple pores are similar to solitary porous with several segments arranged radially.

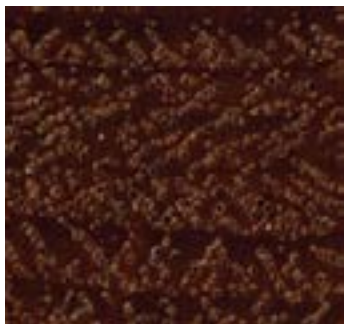
- **Vessels in radial multiples of four or more:**

  More than four adjacent pores sharing a middle wall:

  Vessels in diagonal and/or radial pattern.

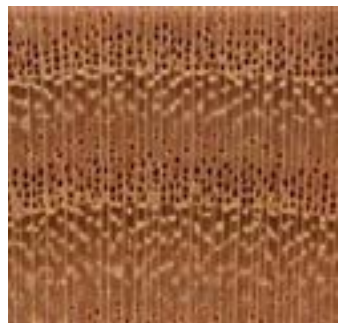
- **Vessels in tangential or wavy bands.**
- **Vessels in clusters.**

  Pores are bordered by other pores on both the radial and tangential directions.



Pores in diagonal and/or radial pattern (Eucalytus marginata)

Pores in tangential and wavy bands (Ulmus spp.)



Pores clusters (Coffea spp.)

Figure 37: Examples of pores in wood *(Source: [7])*

- **Vessel with two distinct diameter sizes, wood not ring-porous.**
- **Tyloses:**

  Tyloses are bubble-like structures that grow into open vessels, and in some cases, completely stop-up the vessels of the heartwood.

Figure 38: Tyloses in wood vessels (Robinia pseudoacacia)
(Source: [7])

- **Deposits in heartwood vessels:**

  Vessels are filled with coloured gums, resins, or other deposits, which are commonly white, yellow, reddish-brown, or black.

Figure 39: Deposits in wood vessels (Millettia stuhlmannii)
(Source: [7])

- **Axial parenchyma vasicentric:**

  Parenchyma cells forming a complete circular to oval sheath around a solitary vessel or vessel multiple.

- **Axial parenchyma lozenge-aliform:**

  Parenchyma surrounding or to one side of the vessels with lateral extensions forming a diamond-shaped outline

- **Axial parenchyma aliform**

  Parenchyma surrounding or to one side of the vessel and with lateral extensions as short wing

- **Confluent parenchyma aliform**

  Parenchyma surrounding or to one side of the vessel and with lateral extensions as long wing

- **Axial parenchyma winged- aliform**

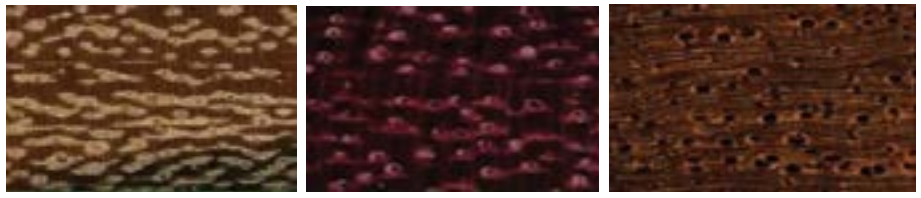
Parenchyma surrounding or to one side of the vessels with the lateral extensions being elongated and narrow.

Parenchyma vasicentric

Axial parenchyma lozege-aliform

Confluent parenchyma aliform and axial parenchyma winged-aliform

Figure 40: Examples of parenchyma in wood
(Source: [7])



Axial parechyma winged-aliform

Diagonal parechyma vasicentric

Tangential parechyma strand

Figure 41: Examples of parenchyma in wood *(Source: [7])*

- **Axial parenchyma unilateral paratracheal:**

  Paratracheal parenchyma forming semi-circular hoods or caps only on one side of the vessels, and which can extend tangentially or obliquely in an aliform or confluent or banded pattern.

- **Axial parenchyma scalariform:**

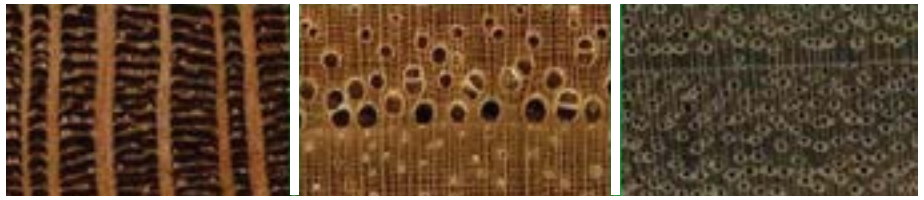
  Parenchyma in fairly regularly spaced fine lines or bands, arranged horizontally or in arcs, appreciably narrower than the rays and with them producing a ladder-like appearance in cross section.

- **Parenchyma reticulate:**

- Parenchyma in continuous tangential lines of approximately the same width as the rays, regularly spaced and forming a network with them.

- **Axial Parenchyma in marginal or in seemingly marginal bands:**

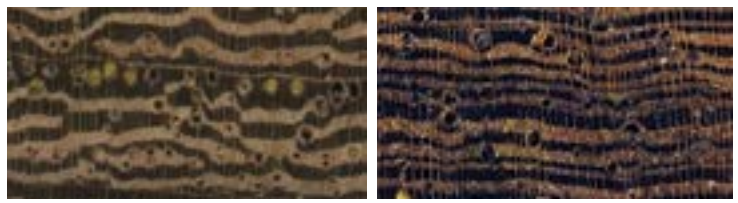
  Parenchyma bands which form a more or less continuous layer of variable width at the margins of a growth ring or are irregularly zonate.



Scalariform parenchyma (Flindersia maculosa)

Reticulate parenchyma (Carya cordiformis)

Parenchyma in marginal bands (Guibourtia ehie)



Parenchyma band larger than ray width

Parenchyma band larger than or the same with pore diameter

Figure 42: Examples of parenchyma bands in wood *(Source: [7])*

- **Ray:**

  The organisation of cells that channels nutrients between the pith, the sapwood and the cambium. On the transverse surface, rays appear as more-or-less straight, evenly spaced radial (vertical) lines.

- **Tiered ray:**

  On the tangential surface, the rays tend to be aligned in horizontal or diagonal tiers. The wood rays is tiered on the tangential surface.

Rays stored on tangential section (Erythrophleum fordii)

Rays of different sizes (Quercus rubra)

Figure 43: Examples of wood rays *(Source: [7])*

- **Rays of two distinct sizes.**

  On the transverse surface, rays differ in width. On the tangential surface, there is a distinct difference in the width and height of the rays.

  The rays' width is greater than or equal to pore width.

  Ray colour is the same as the wood surface colour.

- **Included phloem.**

Phloem strands in tangential bands alternating with zones of xylem and/or conjunctive tissue such as in *Aquilaria crassna.*

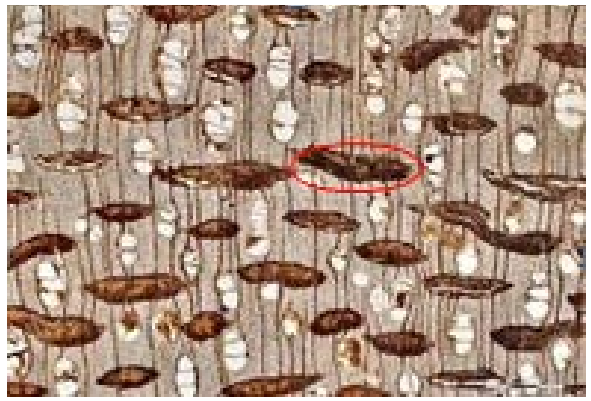


Figure 44: Included phloem in wood
(Source: Internet)

4.3.2. Description sheet

The description sheet is used to record structural features of wood observed with a magnifying glass or microscope. As suggested by the International Association of Wood Anatomists, macroscopic structural features, microscopic structure and other information are used to identify wood species and build a database of 124 entries for softwood and 221 entries for hardwood. For quick identification of some common commercial woods with the naked eye and a hand-held magnifying glass, we recommend 13 entries for softwood and 45 entries for hardwood. These are important and recognisable features that do not require cell size verification. Description sheets for softwood and hardwood are prepared separately.

Softwood binary key description sheet

No.	Features	Yes
1	Sapwood and heartwood are distinct in colour	
2	Growth rings distinct	
3	Heartwood light yellow	
4	Heartwood brown - pink reddish	
5	Heartwood dark gravy	
6	Odour of wood distinct	
7	Wood light and soft	
8	Transition from earlywood to latewood abrupt	
9	Transition from earlywood to latewood gradual	
10	Axial resin canals	
11	Contrasting grain	
12	Axial parenchyma diffuse	
13	Axial parenchyma aggregated into rings parallel to growth rings.	

Hardwood binary key description sheet

No.	Structural feature	Yes
	General feature	
1	Sapwood colour distinct from heartwood colour	
2	Heartwood bright yellow	
3	Heartwood pink-brown red	
4	Heartwood gravy-black	
5	Growth ring distinct	
6	Colour streaks	
7	Distinct odour of wood	
8	Wood grain deflected	
	Vessels	
9	Ring-porous wood	
10	Semi-ring-porous wood	
11	Diffuse-porous wood	
12	Vessels in radial multiples less than 4	
13	Vessels in radial multiples more than 4	
14	Vessels in diagonal and/or radial patterns	
15	Vessels in tangential or/ and wavy bands	
16	Vessels clusters	
17	Vessels solitary	
18	Vessels exclusively solitary	
19	Small pores	
20	Vessels of two distinct diameter classes. Wood is not ring-porous	
21	Tyloses	
22	White substance deposit in heartwood vessels	
23	Dark substance deposit in heartwood vessels	

No.	Structural feature	Yes
	Axial Parenchyma	
24	Axial parenchyma vasicentric	
25	Axial parenchyma lozenge-aliform	
26	Axial parenchyma aliform	
27	Axial parenchyma long-aliform	
28	Axial parenchyma winged-aliform	
29	Axial parenchyma unilateral paratracheal	
30	Confluent tangential parenchyma band	
31	Disconfluent tangential parenchyma band	
32	Axial parenchyma scalariform	
33	Axial parenchyma reticulate	
34	Axial parenchyma in marginal or in seemingly marginal bands	
35	Parenchyma band larger than ray	
36	Parenchyma band larger than pores	
	Ray	
37	All rays storied	
38	Rays of two distinct sizes	
39	Width of ray larger than vessel lumina	
40	Colour of ray similar to wood colour	
	Other features	
41	Included phloem	
42	Wood hard and heavy	
43	Wood medium hard and heavy	
44	Wood light and soft	
45	Axial resin canals present	

The colour, odour or any other feature of the wood observable with the naked eye and hand-held magnifying glasses should be noted.

4.3.3. Wood sampling and identification

Step 1: Sampling

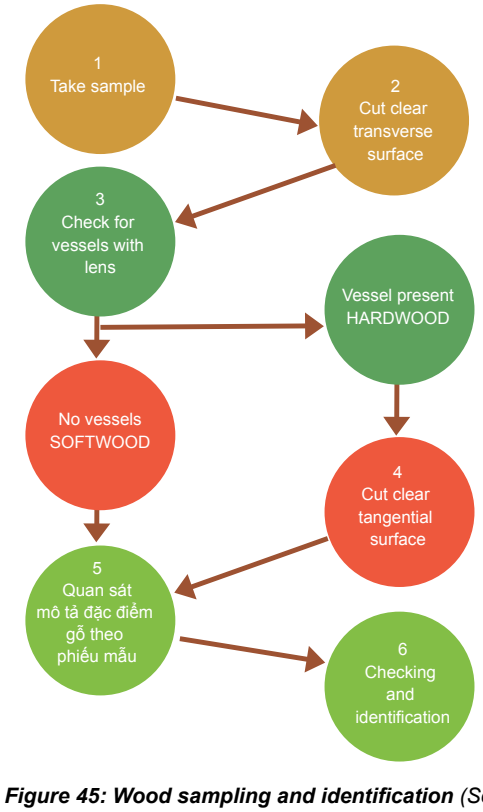


Figure 45: Wood sampling and identification *(Source: [7])*

A. Wood sampling not limited to dimension (usually from logs or large sawn wood).

- No sampling from defect wood positions (knots, rotten fungi, termites, grain disorder, crushed wood).
- The larger the sample dimensions, the better (cross section). Usually, 5 cm x 5 cm and 5-10 cm lengthwise.
- Sampling at different locations, on different logs and boards (if possible).
- The sample shall not be crushed.
- If there is sapwood, it is necessary to obtain both sapwood and heartwood.
- Mark on the sample or package.

Note:

+ It is necessary to observe and record other features such as resin slicks on wood top, resin colour, whether the sap is hard or soft, sapwood colour, whether it is rotten or not, etc.
+ Wood odour when freshly cut.

B. Limited wood sampling procedures (usually applied to wood products or especially rare and small dimension specimens)

Note when sampling:

+ Sampling from wood products usually takes very small specimens to avoid affecting product quality, taken at the least affected locations such as the rear, bottom, and hidden corners.
+ Specimens should be thin, small slices on cross section, tangential section and radial section (or at least cross and tangential sections). They are usually taken by experienced examiners and technicians. Take photos of sampled locations. Suitable zoom lenses are recommended.

Step 2: Creating cross section

- Cut with a saw, create two planes perpendicular to the wood grain towards the two ends of the specimen.
- Use a sharp knife to smooth and flatten the newly created surface on the specimen. Should smooth in different positions.

Step 3: Observing and checking for the presence of vessels

Use the naked eye and a hand-held magnifying glass to examine the vessels. If no vessels are found, move to step 5 as the rays of softwood are usually very small and difficult to see. If there are vessels, move to step 4.

Step 4: Creating a tangential surface

Use a sharp knife to create a plane parallel to annual rings and perpendicular to rays. Should create several planes for observation.

Step 5: Observing and describing wood features

– Use the correct description form for softwood and hardwood.
– Observe the wood specimen with the naked eye and a hand-held magnifying glass under sufficient normal light to describe wood features.
– Observe the features recorded on the specimen in order, avoid missing features. Tick the description form when identifying the features that are present.

Note:

+ Wet specimens are often more difficult to observe than dry specimens; therefore, customs need to wait for the specimen to dry.
+ If there are parenchyma and small wood rays which are difficult to observe, it is necessary to wet the viewing surface for better vision.
+ If you need to check for wood door, make several thin slices lengthwise before smelling.

Step 6: Inspecting and identifying wood

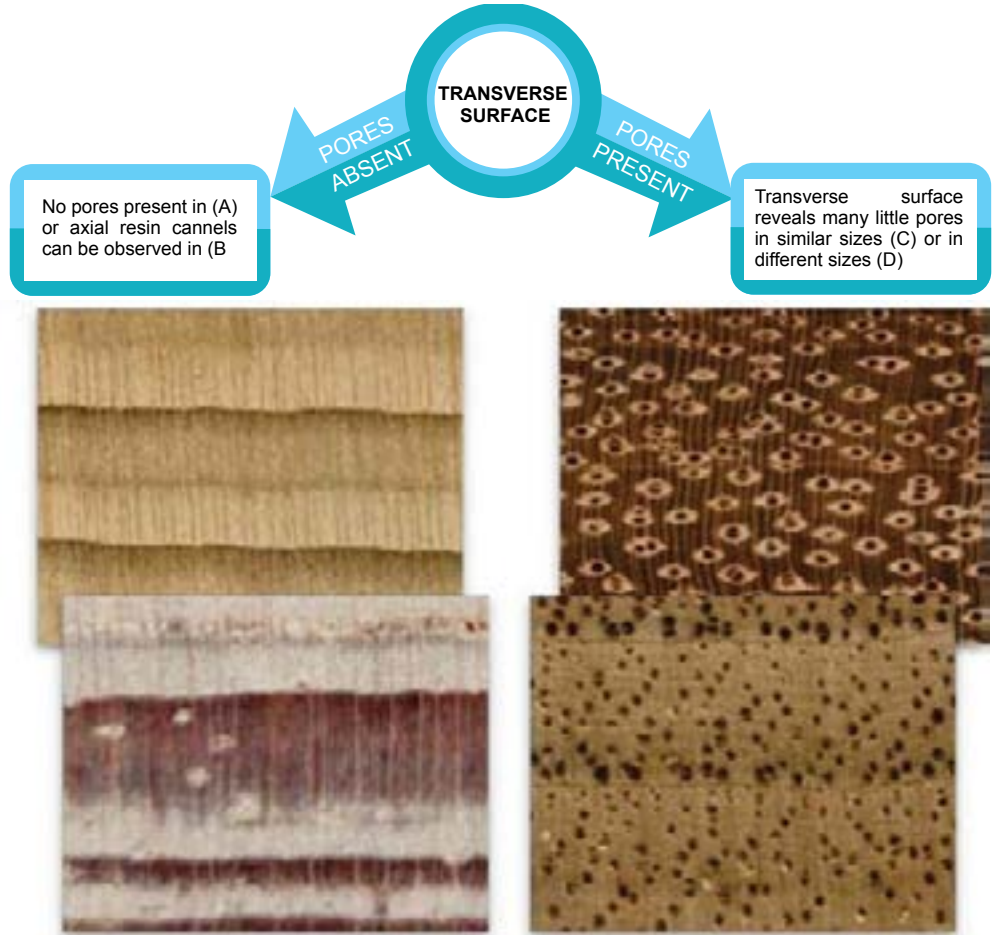
– Use the lookup keys to look up based on the features in the description form and the features and lookup keys in databases such as Atlas, monographs, and websites, e.g...

– Compare the description form with existing documents, compare the specimen to be identified with the standard specimen.
– Verify the features under suspicion.

Note:

Some woods have typical odour and colours, such as Pine, Padouk, and Rosewood. If already familiar, the wood can be immediately compared with the respective description database.

4.3.4. Identification of softwood and hardwood



Softwood (gymnosperms wood) *Hardwood (angiosperms wood)*

Figure 46: Examples of softwood (A,B) and hardwood (C,D)

4.3.5. Some characteristics of notable high-risk timber species

The species listed in the CITES Appendices list and the list of rare and precious woods have some characteristic properties as follows:

- Colour: Sapwood and heartwood differ in colour. Heartwood is usually red-brown, yellow-brown, red-black (Padouk, Yew, Rosewood, Mahogany, etc.), black (Ebony, Rosewood, African Teak, Iron-wood, Agarwood, etc.), green (Palo Santo), and rose-brown (Bubinga).
- Hardness and weight: Hardwood, medium weight or heavy wood; most are very hard and very heavy (Padouk, Ebony, African Teak, Iron-wood, Palo Santo, and Rosewood, etc.).
- Odour: Typical fragrance usually mild to strong aroma (Padouk, Cypress, Pine, Yew, Fir, Palo Santo, etc.)
- Grain: Usually beautiful grain (Rosewood, Padouk, Cypress, Palo Santo, etc.)
- Fineness: High fineness, often small vessels, difficult to see with the naked eye.

4.3.6. Timber testing procedure

Forest rangers do not have the mandate to test timber, so their capacity for timber identification with the use of timber identification results is limited, especially for confiscated timber in violation cases. When timber testing is required, forest rangers or other agencies may consider the assessment process at the Forest Industry Research Institute – Viet Nam Academy of Forestry Sciences, which has been decided by the Ministry of Agriculture and Rural Development to recognize the organization and individuals receiving judicial test as follows.

1. Organisations that wish to have the result of testing plant types, timber quality and timber products (party A) should send documents requesting the timber test (written request for testing) to the Forest Industry Research Institute (party B) (under the Viet Nam Academy of Forestry Sciences), address 46 Duc Thang Street, Duc Thang Ward, Bac Tu Liem District, Hanoi City (Tel 024.3756.4425).
2. Discuss and exchange issues related to the testing and contracts for implementation (if necessary) between the interested party and representatives of the Forest Industry Research Institute.
3. Take testing samples as requested by the party. Timber sampling procedure is carried out as shown above, the party requesting the testing should take the sample in advance and send it along with the testing request. If necessary, the party wishing to have testing may request the inspector of the Forest Industry Research Institute to assist in sampling.
4. Deliver the testing result and return the sample to Party A (if necessary) and pay the contract or advance (minimum advance of 50%).
5. For parties requesting the testing at the scene, the Institute shall send an expert delegation to the scene and plan for implementation. The expert delegation will take testing samples with Party A to officially determine the name, group and conservation status for each type of plant/timber that has been preliminarily classified at the scene (this sample is stored at the Forest Industry Research Institute to trace and resolve additional requirements of Party A later).
6. Release the testing results as agreed in the contract. When deadline cannot be met as scheduled, the requesting parties should be informed on the reason beforehand.
7. Review the results and liquidate the contract (if any), Party A pays the remaining contract value (if any).
8. Party B issues VAT invoices and cash receipt (if Party A pays in cash) to Party A.

Note: this guidance is only for reference. Interested parties should contact the Vietnam Academy of Forestry Science for more detail.

4.4. EXERCISE

4.4.1. Short exercise

Exercise 1: Identify declaration errors of timber names in the following cases and correct them.

Expected output: Participants are able to recognise common errors and correct them.

Case 1:

Lagerstroemia lumber (Lager Stroemia tomentosa Presl)
Purple lagerstroemia lumber N.3 (Scientific name: Lagers troemia loudong taijm)

Answer:

Case 2:

Walnut lumber. Scientific name: Kiln dried lumber
Alder (lumber) (Pacific Coast Alder) (8-10 feet*4-9 inch*1 inch)
(Scientific name: Kiln dried lumber)

Answer:

Exercise 2: Wood identification using phone application

Requirements: Use the wood specimen and a phone with the trial application for specimen identification. Application is available to download for free.

Xylorix Inspector (Android): http://bit.ly/2Qs3z49

Xylorix Inspector (iOS): https://apple.co/2TUCC9G

Expected output: Participants know how to use a device and the application. Required tools and devices:

- Phone with application installed
- 24x lens
- Cutter
- Wood specimen:

Wood specimen No. 1:

Wood specimen No. 2:

Exercise 3: Identify features that are easy to observe with the naked eye and magnifying glasses

Requirements: Look at the photos below and describe what features you can identify.

Expected output: Participants are able to identify at least 3 features in each photo.

Answer:

Figure 47: Examples of timber identification using naked eyes and magnifying glass

4.4.2. Long exercise

Requirements: Describe and record the identified features in the description form and match them with the right species name in the attached document.

Required tools and devices:

- Magnifying glass 30x, 60x
- Cutter
- Description form
- Database to look up information
- Five species of wood and some specimens to practice on

Expected output: Each group of participants is able to identify at least 1 species among the 5 specimens No. 1 to No. 5.

APPENDIX: DESCRIPTION SHEET FOR TEN COMMONLY IMPORTED AND EASILY CONFUSED HIGH-RISK SPECIES

1. Ven (Kosso wood)

Trade name: Ven, Vene, Barwood, Goni, Pau sangue, Kosso

Scientific name: *Pterocarpus erinaceus* Poir.

CITES: Appendix II

Import: Official and smuggling

Figure 48: Transverse surface (left) and tangential surface (right) of Ven (Kosso wood)
(Source: Internet)

Sapwood and heartwood are distinct; sapwood is ivory-white to yellow-beige, and heartwood is gravy-brown to pink-gravy. Annual rings are relatively clear; there are colour streaks in the grain. Fresh wood has a slightly sour smell; dry wood has a slight fragrance. Vessels are solitary and short multiples, diffuse; sometimes white deposits are encountered in vessels. Uneven axial parenchyma, confluent and lozenge-aliform. Continuous and discontinuous tangential parenchyma band. Storied rays of the same colour as wood surface. Hard and medium-heavy wood

Notes: If chopped and soaked for over 24 hours, the water is bluish (colour of methylene).

Lookup keys in the description form: 1, 4, 5, 6, 7, 11, 12, (22), 25, 26, 29, 30, 31, 37, 40, 43.

2. African Padauk (Padouk)

Trade name: Padouk d`Afrique, African Padauk, Vermillion, African coral wood

Scientific name: *Pterocarpus soyauxii* Taub.

CITES: No

Import: Official

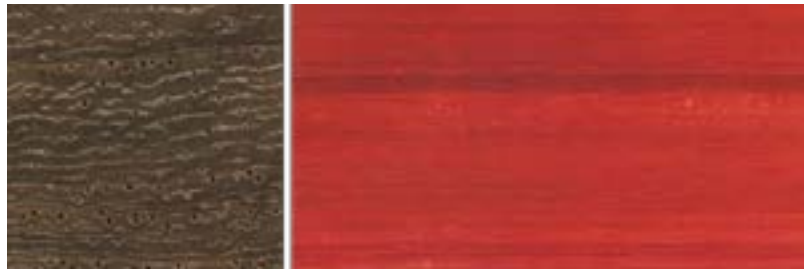


Figure 49: Transverse surface (left) and tangential surface (right) of of African Padauk (Padouk)

Sapwood and heartwood are distinct; sapwood is ivory-white to yellow-beige; heartwood is reddish-brown to pink-brown. Annual rings are relatively clear; there are colour streaks in the grain. Light fragrance typical of Padouk. Vessels are solitary and short multiples, diffuse. Sometimes exclusively solitary vessels. Uneven axial parenchyma, confluent and lozenge-aliform. Continuous and discontinuous tangential parenchyma bands. Storied rays of the same colour as wood surface. Soft and light wood.

Note: Bright red sawdust.

Lookup key in the description form: 1, 3, 5, 6, 7, 11, 12, 18, 25, 26, 28, 29, 30, 31, 37, 40, 44.

3. Muninga (Angola Padouk)

Trade name: Muninga, Kiaat, Mukwa, African bloodwood, Girassonde, Umbila

Scientific name: *Pterocarpus angolensis* DC.

CITES: No

Import: Official

Figure 50: Transverse surface (left) and tangential surface (right) of Muninga (Angola Padouk)

Sapwood and heartwood are distinct; sapwood is ivory-white to yellow-beige, and heartwood is gravy-brown to pink-gravy. Annual rings are relatively clear; there are colour streaks in the grain. Light fragrance typical of Padouk. Vessels are solitary and short multiples, diffuse. Sometimes exclusively solitary vessels. Uneven axial parenchyma, confluent and lozenge-aliform. Discontinuous tangential parenchyma bands. Storied rays of the same colour as wood surface. Hard and medium-heavy wood.

Notes: if chopped and soaked for over 24 hours, the water is bluish (colour of methylene).

Look up keys in the description form: 1, 4, 5, 6, 7, 10, 12, (18), 26, 28, 29, 31, 37, 40, 43.

4. African blackwood

Trade name: African blackwood, Mpingo (Swahili), African grenadillo, African ironwood, Senegal ebony

Scientific name: *Dalbergia melanoxylon* Guille. et Perr.

CITES: Appendix II

Import: Smuggling

Figure 51: Transverse surface (left) and tangential surface (right) of African blackwood

The sapwood and heartwood are distinct; the sapwood is yellow beige; the heartwood is black brown to black. Relatively sour odour. Wood semi-ring-porous, vessels are solitary and short multiples; sometimes exclusively solitary vessels; dark deposits in pore. Uneven axial parenchyma, continuous and discontinuous tangential parenchyma bands combined with wood rays to be reticular. Storied rays, brighter in colour than wood surface. Hard and heavy wood.

Lookup key in the description form: 1, 4, 7, 10, 12, (18), 23, 29, 30, 31, 37, 42.

Note: Wood colour, grain and outer appearance almost similar to Ebony.

5. Tali

Trade name: Tali, Ordeal tree, Sasswood tree

Scientific name: *Erythrophleum suaveolens* Brenan and *Erythrophleum ivorense* A. Chev.

CITES: No

Import: Official

Figure 52: Transverse surface (left) and tangential surface (right) of Tali

Sapwood and heartwood are distinct; sapwood is yellow-white to yellow-beige; heartwood is reddish-brown to gravy-brown. Relatively pungent odour. Vessels are solitary and short multiples, diffuse; sometimes exclusively solitary vessels; white to dark deposits pore. Uneven axial parenchyma, confluent and lozenge-aliform, sometimes winged-aliform. Sometimes storied rays, brighter in colour than wood surface. Hard and heavy wood.

Lookup key in the description form: 1, 4, 7, 11, 12, (18), (22), (23), 24, 25, (26), 29, (37), 42.

6. Okan

Trade name: Okan, Edoum, Oduma, Bokoka, Adoum, Adadua, Benya

Scientific name: *Cylicodiscus gabunensis* Harms.

CITES: No

Import: Official

Figure 53: Transverse surface (left) and tangential surface (right) of Okan

Sapwood and heartwood are distinct; sapwood is yellow-white to ivory white; heartwood is yellow-brown to yellow-grey. Vessels are solitary and short multiples, diffuse, white to dark deposits in pore. Uneven axial parenchyma, confluent and lozenge-aliform. Rays brighter in colour than wood surface. Hard and heavy wood.

Lookup key in the description form: 1, 4, 11, 12, (22), (23), 24, 25, (26), 29, 42.

7. Doussie

Trade name: Afzelia, Doussie, African Mahogany

Scientific name: *Afzelia africana* Smith., *Afzelia pachyloba* Harms.

CITES: No

Import: Official

Figure 54: Transverse surface (left) and tangential surface (right) of Doussie

Sapwood and heartwood are distinct; sapwood is milky white; heartwood is yellow-brown to red-brown. Distinct annual rings. Vessels are solitary and short multiples, diffuse, or exclusively solitary; tyloses and white deposits in pore. Uneven axial parenchyma, confluent and lozenge-aliform, sometimes winged-aliform, parenchyma bands at annual ring boundary. Rays brighter in colour than wood surface. Hard and medium weight wood.

Lookup key in the description form: 1, 3, 5, 11, 12, 18, 21, (22), 24, 25, 26, 28, 29, 34, 43.

8. African rosewood, Mussivi, Mussibi

Trade name: African rosewood, Mussivi, Mussibi

Scientific name: *Guibourtia coleosperma* (Benth.) Leonard.

CITES: No

Import: Official

Figure 55: Transverse surface (left) and tangential surface (right) of African rosewood, Mussivi, Mussibi

Sapwood and heartwood are distinct. Sapwood is milky white to greyish white; heartwood is pinkish brown to reddish brown. Distinct annual rings. Heartwood has colour streaks in the grain. Vessels are solitary and short multiples, diffuse. Sometimes have white deposits in pore. Uneven axial parenchyma, sometimes confluent and lozenge-aliform. Parenchyma bands at annual ring boundary. Rays brighter in colour than wood surface. Hard and medium weight wood.

Lookup key in the description sheet: 1, 3, 5, 6, 11, 12, 21, (22), 23, 24, (25), (26), 29, 34, 43.

Note: Woods having colour, grain and outer appearance similar to the three species of African Rosewood (Bubinga, Kevazingo) (scientific name: *G. demeusei, G. pellegriniana, G. tessmannii)* are those listed in the CITES Appendix II.

9. Bomanga

Trade name: Bomanga, Léké, Ekop-Léké, Ekop evene, Yegna

Scientific name: *Brachystegia laurentii* (De Wild.) Hoyle.

CITES: No

Import: Official

Figure 56: Transverse surface (left) and tangential surface (right) of Bomanga

Sapwood and heartwood are distinct; sapwood is milky white; heartwood is yellow-brown to brown-yellow or light brown. Distinct annual rings. Vessels are solitary and short multiples, diffuse; sometimes exclusively solitary vessels. Tyloses and dark deposits in vessel pore. Uneven axial parenchyma, confluent and lozenge-aliform, sometimes winged-aliform. Parenchyma bands at annual ring boundary. Rays almost same colour as wood surface. Hard and medium weight wood.

Lookup key in the description form: 1, 3, 5, 11, 12, (22), 23, 24, 25, 26, (28), 29, 34, 41, 43.

Note: Bomanga wood is easily confused with Doussie.

10. Faro

Trade name: Faro, Daniellia, Ogea, Shedua, Ehyedua, Oziya, Fara, Nsou, Incenso, Gum copal, Copal

Scientific name: *Daniellia thurifera* Benn.

CITES: No

Import: Official

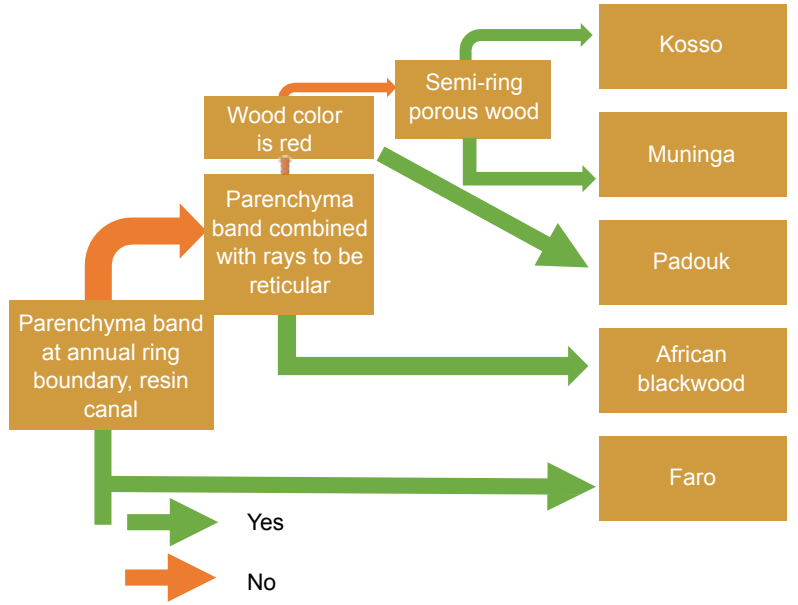
Figure 57: Transverse surface (left) and tangential surface (right) of Faro

Sapwood and heartwood are distinct. Sapwood is milky white; heartwood is light brown to yellowish brown. Distinct annual rings. Vessels are solitary and short multiples, diffuse. Sometimes exclusively solitary vessels; dark deposits in pore. Uneven axial parenchyma, lozenge-aliform; parenchyma bands at annual ring boundary. Storied wood rays. Soft and light wood. Diffusing axial resin canals

Lookup key in the description form: 1, 3, 5, 11, 12, 23, 24, 25, (26), 29, 34, 37, 44, 45.

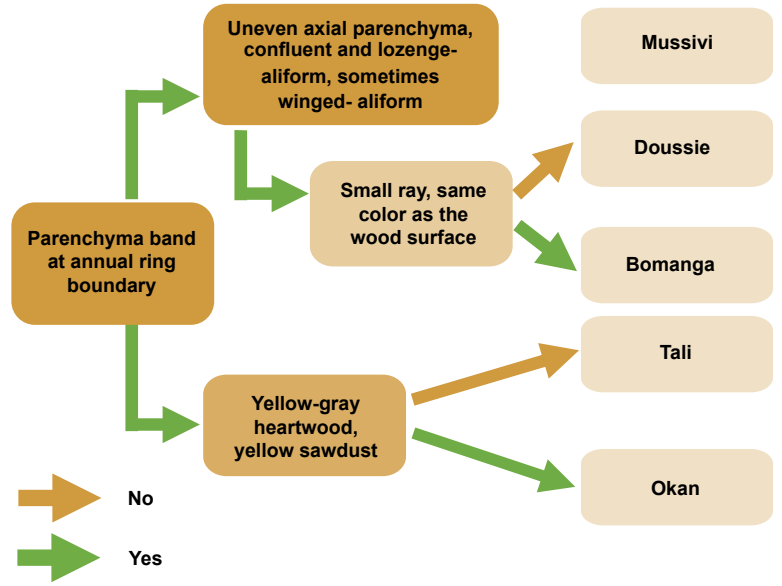
BINARY KEYS FOR THE 10 IMPORTED WOOD SPECIES IDENTIFIED ABOVE

a) Wood with storied rays



Note: When examining wood structure for wood identification, binary lookup keys are often used that are based on typical features. In this case, “storied rays” is the first typical feature to establish the key, then other features are used to further identify the species in this diagram.

b) Wood with non-storied rays



Note: When observed on the tangential section, species with non-storied rays are classified to this group; then other features are used to further identify the species.

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ANSWER

CHAPTER 2

2.4. PRACTICAL EXPERIENCE EXERCISE

Learner answer based on their own practice experience and exchange with other classmates.

CHAPTER 3

3.6. QUIZZES AND EXERCISES ON VPA AND VNTLAS

Please select all the answers that you think are correct. Note: A question can have multiple correct answers.

Part 1: Voluntary Partnership Agreement on Forest Law Enforcement, Governance and Trade (VPA/FLEGT), Timber Viet Nam Timber Legality Assurance System (VNTLAS), and due diligence

The European Union's Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan sets out a range of measures to:

- ☑ promote sustainable forest management
- ☑ improve forest governance in third countries
- ☑ prevent illegally harvested timber from entering the European market
- ☑ increase demand for timber harvested from responsibly managed forests

2. Under the VPA/FLEGT Agreement between Viet Nam and the European Union, what defines legal/illegal timber?

- ☑ The legal requirements to be complied with are under the EU Timber Legality Assurance System
- ☐ EU timber legislation
- ☑ Relevant legislation in harvest countries
- ☐ Relevant legislation in EU countries
- ☑ Relevant legislation in Viet Nam

3. Decree 102/2020/ND-CP is currently effective for:

- ☑ Timber and timber product import and export
- ☐ Timber harvested domestically, handled confiscated timber, timber transportation, trade, processing
- ☐ Timber and timber products throughout the supply chain
- ☐ Only for imported and exported timber products

4. The Voluntary Partnership Agreement (VPA) provides a scheme for issuing:

- ☐ Sustainable Forest Management Certificates
- ☐ CITES licenses

☑ FLEGT licenses

☐ Export permits

5. Periodic enterprise classification procedures include:

☐ Registering in the OCS, records of cases of administrative and criminal violations.

☑ Registering in the OCS System, the first assessment and the re-assessment are self-administered by enterprises using a form.

☑ Provincial FPDs appraise and send the results of enterprise classification to the central Forest Protection Department. The central FPD decides and announces the results of enterprise classification.

☐ All the above are correct

6. Responsibilities for supply chain control of the local forest protection department under VPA/FLEGT include:

Tiếp nhận, vào sổ và lưu trữ việc khai báo chuỗi cung

☐ Receipt, entry and archive of supply chain declarations, physical check systematically, at random and on an ad-hoc basis.

☐ Data analysis to compare the volume between supply chain stages, between sellers and buyers, to compare the actual volume of the timber shipment with the volume declared by the company/household, and the volume of import and export at processing plants.

☐ Verification and endorsement of information in the input and output monitoring books of organisations handling timber from domestic natural forests.

☑ All the above are correct

7. Which of the following statements are true?

☑ Category 2 organisations and households are required by verifying entities to undergo documentary and physical checks of all shipments. The minimum physical inspection rate is 20% of each shipment in the supply chain before export.

☐ Timber and timber products covered by CITES regulations are not exempt from FLEGT licensing requirements.

☐ The validity period of FLEGT licenses is up to 12 months from the date of issue. FLEGT licenses can be renewed once.

☑ A FLEGT license is only issued for one shipment by an exporter to the first port of entry into the EU market.

Part 2: Introduction to due diligence

1. What are the sources of risk?

☑ Risks from supply chain complexity

☑ Risks from incompleteness of information

☑ Risks related to species and geographical origin

☑ Risks related to timber documents and dossier

2. Steps in conducting due diligence are:

☐ Collecting information, identifying then mitigating risks

☑ Collecting information, assessing then mitigating risks

☐ Identifying, specifying, then mitigating risks

☐ Identifying risks, collecting information, then mitigating risks

3. When exercising due diligence, attention should be paid to:

☑ Types of components, product parts

☑ Supply chain complexity

☑ Differentiating levels of risk

☑ Quality management

4. What is the difference between due diligence (risk-based assessment) and conformance assessment?

☐ Due diligence is based on regulatory requirements or applicable standard criteria, while compliance audits are based on the specific situation of each company.

☑ Due diligence depends on the risk situation, compliance audits do not depend on the risk situation.

☑ Due diligence is based on the specific situation, compliance audits are based on legal requirements or applicable standard criteria.

☐ Due diligence is the government's assessment system, compliance audits are conducted on a voluntary basis.

Part 3: Access to information

1. What kind of information should be collected and documented:

☑ Product type

☑ Species

☑ Origin

☑ Volume

☑ Supplier

☑ Certification/verification status

2. How should importers of timber and timber products collect information about their supply chain?

☑ Informing all suppliers of due diligence requirements and asking for their consent to collaborate in writing

☐ Conducting site visits to country of supplier

☑ Outsourcing to a third party (e.g. Preferred by Nature) to collect information on their behalf

3. What kind of documentations may be relevant to the risk assessment of the “Third Party Rights” category:

☐ Approved harvesting plan

☑ Environmental impact assessment

☑ Health and safety records

☑ Specific reports on tenure and rights claims and conflicts

☐ VAT documentation

4. What should importers do immediately after they have obtained and recorded supply chain information?

☐ Map the supply chain

☑ Analyse information and identify gaps

☐ Assess the risks

☐ Do nothing

5. When do importers need to collect additional information about the supply chain?

☑ When gaps in supply chain information have been identified

☐ When importers want to map their supply chains

☐ When the level of risk is considered “negligible”

☑ When there are concerns about the relevance, accuracy or applicability of information provided

6. What type of additional information can be collected when the existing information is lacking or incomplete?

☑ Documentation

☑ Timber testing

☑ Stakeholder consultation

☑ Supplier clarification

Part 4: Risk assessment

1. The main steps of risk assessment are:

☐ Supplier evaluation

☑ Risk identification

☑ Risk specification

☐ Risk mitigation

2. The main types of risk to be specified are?

☑ Violations in forest management

☑ Violations by forest management agencies in issuing licenses

☑ Violations in the supply chain

☑ Mixing of material in the supply chain

3. What aspects of risk should be considered during risk identification?

☑ Species risk

☐ Employment at the supplier’s factory

☑ Certification status

☐ Transport in the export country

4. Which techniques in timber testing can be used to identify timber species:

☐ Stable isotope

☑ DNA testing

☑ Wood anatomy

5. Sourcing certified material…:

☐ means that the material can be considered FLEGT/VPA compliant

☑ can be used as a risk mitigation measure

☐ is not recommended by the Vietnamese Government

☐ is a prerequisite for a FLEGT license

6. What are the possible data sources for risk assessment:

☐ Wikipedia

☑ Interviews with neighbours and the local community

☑ National statistical reports

☑ Expert inputs

7. When can a problem be considered “low risk”?

☑ Limited in its impact

☐ Indicates the absence or break down of enforcement of the legal system

☑ Unusual or non-systematic

☐ It has a significant negative impact on society

Part 5: Risk mitigation

1. Which of the following four activities is risk mitigation?

☑ Supply chain auditing

☑ Supplier replacement

☑ Switch to certified materials

☑ Stopping imports from suppliers in risk countries

2. Risk mitigation actions can be carried out at: các cơ sở chế biến gỗ

☑ Processing facility level

☑ Supply chain level

☑ Forest Management Enterprise (FME) level

☐ Country level

3. Which of the following options controls the risk of mixing illegal or unknown timber origin in the supply chain?

☑ Implementing CoC processes

☑ Conducting supplier audits

☐ Using certified products

☑ Conducting timber checks

4. What is the most important activity in risk mitigation?

☐ Gathering complete information about the supply chain

☐ Having robust risk mitigation procedures

☑ Collaborating with suppliers

☐ Supplier verification

5. Supplier verification process requires:

☑ Document review

☑ Field visits

☑ Stakeholder consultations

☑ Interviews

6. Supplier verification according to a company's own-verification programme may be carried out by:

☐ Government agencies

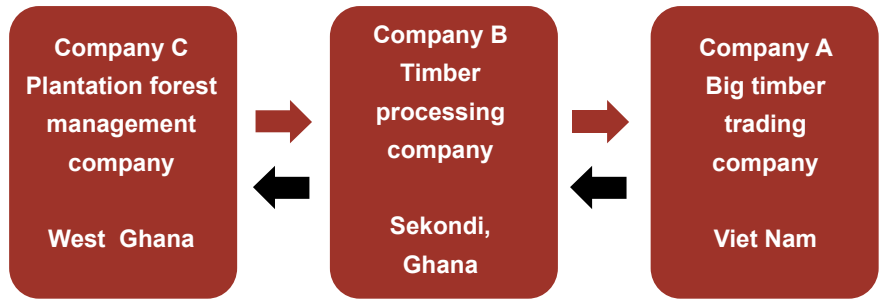
☑ Company (exporter)

☐ Third party (audit body)

PART B: CASE STUDY

Exercise 1: Supply chain description and information verification

Task:



1. Carefully study the supply chain description and related documents:
2. Consider Part A of Form No. 03.

Form No. 03. Declaration of origin of imported wood

LIST OF ORIGINAL IMPORTED WOOD

A. GENERAL INFORMATION ABOUT THE SHIPMENT

1. Name and address of the owner of the imported timber (1): company A -> the word "import" is missing in the sample.
2. Name and address of the owner of the exported timber (2): company B -> the word "export" is missing in the sample form.
3. Description of goods (3): Wood lippings -> Modified to door lippings. Document 2 recorded in the Remarks section is doorlippings. It is necessary to specify in order to determine the HS code.
4. HS code: 9403.90.30.00 -> changed to 4418.20.10
5. Scientific name of the species: TRIPLOCHITON SCLEROXYLON => Wrong format of scientific name. Correct statement: *Triplochiton scleroxylon*. However, this information is not shown in any documents submitted with the declaration.
6. Trade name of species (4): WAWA
7. Volume/Quantity of Goods (5): 20 m^3 -> corrected to 18.966 m^3 as in the Goods Description section in the Invoice (document 1) and measurement CBM (rightmost column of bill of lading - Document No. 3)
8. Bill of lading number (B/L): S 3674037 => changed to S316740377. The bill of lading number is shown in the box located at the top right corner of the Document No. 3.
9. Invoice number: 28IY- XYZL-0000 => change to 2814-XYZL-0000 (first line on the right under the title of Document 1)
10. Wood list (6): N/A => correct because it is not in the dossier but needs to be supplemented
11. Exporting country: GHANA
12. Country of Harvesting: GHANA

In Part B of Form No. 03, the Importer selected item B2: “Wood of at-risk species or timber from non-positive geographical area” => true

Exercise 2: Identify legal regulations and risks

C. ADDITIONAL DOCUMENTS

1. Timber material (for example, under HS codes 4403, 4406, 4407)

If the timber is a risk species or imported from from a non-positive geographical area, the timber owner must declare one of the documents of the legal source of the harvest and present the following declaration documents:

a. Voluntary certificate or national certificate of the exporting country:

No.	Name of certificate	Certificate number	Validity
	FSC	**NC-CW-000**	

Wrong declaration because there is no FSC certificate in the customs dossier.

Recommendation: FSC certificate should be provided because there is only oral declaration, no supporting documents. On B’s sales contract to A (document 2), there is a description of FSC timber in the Remarks section but that is not considered legal proof.

b. Permit or document proving permission to harvest timber:

No.	Permit or equivalent documents	Reference number	Issuing date	Issuing entities	Note
	Yield approval	**R9.S4.V4/106**	**17/12/2018**	**FC**	

Wrong declaration because Document 06 (yield approval) does not have a reference number and has a date of 06/02/2018 (upper right corner) but it refers to two other documents issued on 17 December 2018 and 10 December 2018 -> suspicion of fake documents.

c. When the country where the timber is harvested does not require a logging permit for the forest in which the timber is harvested, the following additional documents are requested:

No.	Type of documents	Reference number	Issuing date	Issuing entities	Note
Harvesting countries					
Name and address of the supplier					
Reason for missing harvesting permit					

Attach copies of documents (if any)

d. If there are no harvesting documents, please provide the following additional information:

No.	Supplementary documents	Document number	Issuing date	Issuing entities	Note
1	Tree information form (TIF)	06b, 06c	02/06/ 2018	FC	
2	Business registration of Company C	05	23/03/2009	Registrar-General’s Department	
3	Business registration of Company B	04	17/01/2017	Department of Factories Inspectorate	
4	Bill of lading	03	23/07/2019	Grimaldi Deep Sea A.p.A	
5	Ghana hardwood contract	02	13/03/2019	Company B	
Harvesting countries					
Name and address of the supplier					
Reason for missing harvesting documents					

Attach copies of documents (if any)

In fact, it is not necessary to fill in Section d if Section b is correct.

However, because Section b is incorrect and has problems with documents, it is possible to make additional declarations like the above table, but note:

Section 1: documents 6b and 6c have no date or evidence to be part of document 6a (e.g. cross-page stamps) but only information describing the type of wood and volume harvested in the area. Bura reserve in Asankrangwa district (also named on document 6a). All three documents 6a, b, c have no seal or signature at all suspicion of fake documents

Section 2: document 5 has no signature or seal suspicion of fake documents

Section 5: document 2 issued by company B to company A, verified by Timber Industry Development Division (TIDD) of Ghana during the process of applying for an export permit but no export permit in the application file questionable, need to request additional information.

- How can you verify the validity of the information provided?
  - Study the legal regulations on harvesting, processing and transporting timber/ wood products in the harvesting country (e.g. refer to the handbook on legal timber regulations developed based on NEPCon’s research, etc.)
  - Hire a 3rd party/ company to evaluate the information in the harvesting country

Exercise 3: Identify risk mitigation actions

Assignment:

- **Review Table 1 in Part D of Form No. 03:** has company A declared correctly?
- If any information is missing from the table, write it down

Company A mentions an export license but does not submit it in its application.

Legal requirements	Compliance verifier	Risk
Documents related to Company C:		
- Plantation timber ownership permit - TUC	Missing	**Identified risk** related to legal logging rights and logging activities
- Business registration certificate	Available (document 5) but the business type is unknown, no valid signature or seal is available	**Identified risk** related to legal logging rights
- Harvesting yield approval - Tree Information Form – TIF - Harvesting information form LIF	- Available (Document 6a) - Available (Documents 6b, 6c), but lack scientific name of species, lack of establishment time - Missing	**Identified risk** related to logging, trade and transport activities (CITES species and Ghana's ban on cedarwood exports)
Transport and timber measurement certification - LMCC	Missing	**Identified risk** related to logging activities
Documents related to Company B:		
Certificate of factory operation registration	Available (Document 04)	Low risk
Export contract in accordance with Guided Selling Price (GSP) and invoice	Available (Document 1 & 2)	Low risk
Export license	Missing	**Identified risk** related to trade, import and export activities
Valid environmental operation license - EPA	Missing	**Identified risk** related to processing

- **Review Table 2 in Form 03.** Do you think the provided information is sufficient to resolve the timber-related risks in Ghana? If not, please add more information.

Not sufficient. The following measures can be supplemented:

Identified risk		Potential Mitigation Measures
Legal Harvesting Rights	1.3. Management and harvesting plan	o Ask company B and C to provide TUCs and business registration license to check legality. o Assess the validity of the documents provided (minimize the risk of modification, forgery). o Cross-check information with partner in Ghana about company B.
Logging activities	1.9. Protected areas and species	o Request companies B and C to add the full scientific names of the species to be harvested, to ensure that the species are harvested in compliance with CITES regulations and do not violate the Ghana's ban. o Reconciling consistency between catch approval, TIF, LIF, and LMCC transportation certificate.
	1.11. Safety and health 1.12. Legal labor	o Check company C's reputation through media channels (television, newspapers, radio) and interview relevant partners in Ghana. o On-site assessment to exploit labor conditions and the legitimacy of workers.
Trade and Transportation	1.20. CITES	o Request phytosanitary certificate to get scientific name. o Request companies B and C to complete the dossier, including the scientific name of the species to be harvested, to ensure that the species is harvested in compliance with CITES regulations and does not violate the Ghana ban. o Assess the validity of the documents provided (minimize the risk of modification, forgery). o Sampling and species assessment before officially receiving goods.
Processing	1.23. Environmental requirements in processing	o Request company B to provide a valid Environmental Operation License - EPA for inspection and assessment. o Assess the validity of the documents provided (minimize the risk of modification, forgery). o Check company B's reputation through media channels (television, newspapers, radio) and interview relevant partners in Ghana.
	1.25. Safety and health 1.26. Legal labor	o Check company B's reputation through media channels (television, newspapers, radio) and interview relevant partners in Ghana. o Assess at the company the working conditions and legitimacy of employees.

CHAPTER 4

4.5. EXERCISE:

Exercise 1:

Case 1:

Lagerstroemia lumber (Lager Stroemia tomentosa Presl)
Purple lagerstroemia lumber N.3 (Scientific name: Lagers troemia loudong taijm)

Answer:

Lumber (*Lagerstroemia tomentosa* C. Presl) (with or without Presl)

Lumber (*Lagerstroemia loudonii* Teijsm. & Binn).

Case 2:

Walnut lumber. Scientific name: Kiln dried lumber
Alder (lumber) (Pacific Coast Alder) (8-10 feet*4-9 inch*1 inch) (Scientific name: Kiln dried lumber)

Answer:

Dried Walnut lumber. Scientific name: *Juglans sp.* or *Juglans spp*. (if more than 1 species of Walnut are mixed together). Pacific Coast Alder is a trade name.

Dried Alder lumber. Scientific name *Alnus sp.* or *Alnus spp.*. (if more than 1 species of Alder are mixed together).

Exercise 2:

Specimen No. 1: Rubber (Hevea);

Specimen No. 2: Oak.

Exercise 3:

Answers:

- Sapwood and heartwood are distinct in colour
- Distinct annual rings
- Earlywood and latewood are distinct.
- Abrupt earlywood to latewood transition
- Highly contrasting grain
- Brown-pink heartwood

Answer:

- Brown-pink wood
- Diffuse-porous timber vessels
- White deposits in vessel pore
- Continuous and tangential parenchyma bands
- Parenchyma bands of same size and larger than ray width
- Ray colour different from wood surface colour
- Parenchyma band at annual ring boundary

Answer of timber species identification with 5 specimens, knife, magnifying glass:

Specimen 1: Tali

Specimen 2: Doussie

Specimen 3: Kosso

Specimen 4: Padouk

Specimen 5: Mussivi

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