

EU-Thailand Voluntary Partnership Agreement



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1. The country

Of Thailand's 51.1 million hectares of land, 16.4 million hectares (32.1%) are forested. Natural forests account for 41% of Thailand forest cover, naturally regenerated forests 35%, and planted forests 24%, the highest plantation figure in Southeast Asia. More than half of the plantations are rubber plantations managed by smallholders. Logging in natural forests has been banned since 1989.

The government plans to increase forest cover to 40% by stimulating tree planting by smallholders and revising major regulations of the forestry sector. A revised Forest Act, a new National Land Act (*Khor Thor Chor*) and a Community Forest Bill, published in April/May 2019, indicate this.

Thailand is a regional manufacturing hub for wood products. While importing large amounts of pulp and paper and high-quality timbers, Thailand is also the world's largest producer of rubberwood products. The country is an important supplier of sawn wood, wood-based panels and wooden furniture to consumer markets in Asia such as China, Vietnam, South Korea and Japan. Timber trade with the EU was worth USD 267 million in 2014, while export of all wood and paper products (including furniture) totalled USD 4,384 million.

The formal VPA process between the Government of Thailand and the EU started in late 2013. After preparatory technical work, the first official negotiations took place in June 2017, followed by second negotiations in July 2018. The Ministry of Natural Resources and Environment is the lead ministry in the VPA negotiations. Technical work is done by a multi-stakeholder working group chaired by the Director General of the Royal Forest Department.

For more information, visit the Thai-EU FLEGT secretariat (TEFSO) [website](#).

2. Background

Quick read

- Illegal logging creates social problems, environmental degradation and loss of economic opportunities.
- In September 2013, Thailand and the EU began the process to move towards negotiation of a Voluntary Partnership Agreement (VPA) to promote trade in legal timber products and improve forest governance.
- Thailand will develop a timber legality assurance system so it can issue FLEGT licences to verified legal timber products.
- Once Thailand begins FLEGT licensing, the products covered by the VPA will only be exported to the EU accompanied by FLEGT licences attesting to their legality.
- Products not covered by the VPA will remain subject to the exercise of due diligence by EU importers in the context of the EU Timber Regulation.

- FLEGT-licensed timber products from Thailand will be able to enter the EU market without undergoing the due diligence checks required by the EU Timber Regulation.
- Thailand also plans to use the system developed with the EU for other markets.
- Preparations for the VPA process took some time and involved a broad number of Thai stakeholders. The first face-to-face negotiations were held in June 2017.

Thailand's forest sector

Although forests make a small contribution to Thailand's economy, the sector provides jobs and livelihoods in many rural areas. About one third of Thailand's land is forested. Timber is mainly grown by smallholders on private and public lands. The 12th National Economic and Social Development Plan promotes an increase of forest cover to 40% through smallholder plantings.

Half of Thailand's forests are protected and there are strong restrictions on industrial logging. The wood processing industry is well developed. This combined with growing demand for timber has meant that Thailand has become a major importer of timber, including from neighbouring countries with higher deforestation rates such as Cambodia, Malaysia (Sarawak) and Myanmar. With the log export ban issued in Myanmar in 2014, Thailand has compensated its teak demand by using domestic production and lookalike species from Africa. Two thirds of Thailand's imports are however paper products.

According to UN Comtrade data, in 2014, the value of Thailand's exports of wood and paper products to the EU was USD 267 million — or six percent of Thailand's total exports of wood and paper products.

What is a VPA?

A Voluntary Partnership Agreement (VPA) is a legally binding trade agreement between the EU and a timber-exporting country outside the EU. A VPA aims to ensure that all timber and timber products destined for the EU market from a partner country comply with the laws of that country.

In addition to promoting trade in legal timber, VPAs address the causes of illegality by improving forest governance and law enforcement. A major strength of VPAs is that they look beyond trade to consider development and environmental issues.

Stakeholders in government, the private sector and civil society develop VPAs through a participatory process. A VPA is, therefore, a vehicle for addressing the needs of different stakeholders and for including many people who have never before had a voice in decision-making.

VPAs are a key component of the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan of 2003. Thailand is one of 15 tropical countries that are negotiating or implementing VPAs with the EU.

Key elements of a VPA

Key elements of a VPA are described in its main text and annexes. In countries where VPAs have already been signed, these include:

- A timber legality assurance system to verify that timber products are legal and can be issued with FLEGT licences.
- Commitments to legal reforms, public disclosure of information and other improvements to forest governance.
- A framework for overseeing, monitoring and evaluating implementation of the VPA and its economic, social and environmental impacts.

How a VPA promotes legal timber trade

A VPA partner country that has implemented a timber legality assurance system and other VPA commitments can issue verified legal timber products with FLEGT licences. The advantage of this is that FLEGT-licensed products automatically meet the requirements of the EU Timber Regulation (EUTR), which prohibits EU operators from placing illegally harvested timber and timber products on the EU market.

The EUTR entered into force in 2013. It requires EU operators to perform due diligence checks to ensure the timber products they place on the EU market are legal. FLEGT-licensed timber meets the due diligence requirements under the EUTR.

A VPA partner country can only issue FLEGT licences through a timber legality assurance system that the EU and the partner country have agreed on, developed and tested. Before a country can begin FLEGT licensing, the EU and the partner country must confirm that the country's timber legality assurance system works as described in the VPA. Confirmation by the two parties means that the system is robust and will issue FLEGT licences only to legal timber products.

While FLEGT licensing is an important goal, it is not the end point of a VPA process. Governance reforms, legislative and policy reforms, impact monitoring, improvements to the timber legality assurance system and other activities continue.

Through progress on VPAs, the implementation of the EU Timber Regulation and dialogues with other important timber market, including China, the EU and its VPA partner countries are contributing to a growing global movement to stop trade in illegal timber and timber products. Australia, the United States and Japan also seek to restrict the placing of illegal timber on their markets. The process to achieve FLEGT licences may therefore help VPA partner countries such as Thailand meet the legality requirements of markets beyond the EU.

The EU-Thailand VPA

Thailand and the EU are negotiating the terms of the VPA through a cooperative process: both parties share the goal of fostering good forest governance and addressing illegality.

The VPA process began in September 2013. The national VPA deliberations involve representatives of Thai civil society organisations, the private sector, and government ministries and agencies. Thai civil society has also met with representatives from Indonesia, Laos and Vietnam to learn about their experiences of VPA processes.

After a delay caused by political uncertainty in Thailand, the VPA process continued with the first face-to-face negotiations in June 2017. A second negotiation took place in July 2018.

The Ministry of Natural Resources and Environment set up a national negotiation committee, a technical sub-committee and several working groups, the latter including self-selected representatives from civil society and the private sector.

Through wide participation, the process aims to foster significant national ownership, stakeholder engagement and a broad consensus that will promote effective VPA implementation.

Following the conclusion of negotiations, Thailand and EU will sign and ratify the VPA and its commitments will become legally binding. A Thailand-EU joint body will oversee the implementation of the VPA and respond to concerns as they arise. VPA implementation can therefore improve as it proceeds.

In order to issue FLEGT licences as required by the VPA, Thailand will build on existing national initiatives to develop a robust timber legality assurance. Thailand will begin issuing FLEGT licences only when the timber legality assurance system has been successfully tested, and when Thailand and the EU are satisfied that it functions as described in the VPA.

VPAs signed to date have also included commitments to improve transparency, accountability, legislative clarity and other aspects of governance.

Thailand's efforts to tackle illegal logging

Thailand has made considerable efforts to address illegal logging, a significant problem the country has struggled with since the 1960s, when forests covered 50% of the land. By the mid-1980s, this figure was less than 25%, and in 1989, after the worst floods for a century the government introduced a complete ban on logging of natural forests. Since then the area planted outweighs areas of forest loss, making Thailand the only country in the Mekong region with a net growth of forest area.

Since 1989, the government has implemented measures to protect the remaining natural forests and to promote plantation development. Close to a quarter of its forest are planted. Thailand continues to be a major exporter of wooden furniture, sawn timber, wood-based boards, wood chips and paper, mostly to Asian markets.

Key dates:



- 1989: Government introduces a complete ban on commercial logging.
- 1997: Constitution of Thailand agreed, recognising the right and duty of communities to participate in natural resource management.
- 2012: Three national sub-committees on FLEGT set up.
- 2013: VPA process between Thailand and the EU begins; including one video conference and one joint expert meeting.
- 2013: Thailand set up a multistakeholder ad hoc working group (AHWG) to develop the VPA legality definition (it was later tasked with developing all VPA annexes).
- 2013: The Royal Forestry Department founded the Thai-EU FLEGT Secretariat Office (TEFSO).
- 2014: Following a military coup, there is uncertainty about the start of VPA negotiations.
- 2015: European Commission and Thai negotiators agree that technical negotiations can resume; they hold a second video conference.
- 2016: TEFSO and the AHWG continue to prepare VPA annexes.
- 2016: In December the Thai Cabinet approves full negotiations.
- 2017: Second joint expert meeting and first face-to-face negotiations between Thailand and the EU.
- 2018: Third and fourth joint expert meeting and second face-to-face negotiations between Thailand and the EU.

Thailand's timber legality assurance system

Under the VPA process, Thailand committed to develop a system for assuring the legality of its timber from domestic and imported sources. As in all VPAs, the timber legality assurance system has the following five components:

1. **Legality definition:** The legality definition states the aspects of a VPA partner country's law for which the timber legality assurance system evaluates evidence of compliance. The ad hoc Multi-stakeholder Working Group on the Legality Definition has made good progress in developing and field-testing the Thai legality definition.
2. **Supply chain controls:** Supply chain controls ensures that timber products verified as legal remain legal throughout all processes associated with the supply chain. These controls also prevent verified legal products being tainted by unverified products entering the supply chain. Thailand has started to describe its supply chain control system and is testing tailored solutions for timber from smallholder plantations.
3. **Verification of compliance:** Verification of compliance involves checks that all the requirements of the VPA legality definition and supply chain controls have been met to ensure that timber products are legal. Verification has been described in the legality definition and for the supply chains of different timber sources.
4. **FLEGT licensing:** A FLEGT licensing authority issues FLEGT licences to consignments of timber products that the verification mechanism has confirmed are legally compliant. FLEGT licensing cannot begin until a joint evaluation of the timber legality assurance system by Thailand and the EU confirms that the system works as described in the VPA (see Next steps).
5. **Independent audit:** The independent audit regularly checks that all aspects of the legality assurance system work properly. An annex to the VPA provides terms of reference for the auditor. The annex has already been drafted.

How the EU-Thailand VPA can improve forest governance

Greater participation in decision-making

Representatives of the government, civil society and the private sector have all participated in the national VPA deliberations. Stakeholders see the VPA process as a vehicle to address their different needs related to legal clarity, land and use rights, simplification of procedures, incentives for smallholder timber production and promotion of Thai timber products.

Enhanced capacity to address trade in illegal timber and timber products

The VPA process is strengthening the capacity of government, private sector, and civil society to work together to promote timber legality and tree planting in Thailand. Regional representatives from different government departments, private sector and civil society have met to discuss issues related to forest governance including enforcement.

More transparency

The VPA will include an annex that lists the information Thailand commits to making publicly available. A working group led by civil society is currently developing the annex.

Legal reforms and improved legal clarity

The VPA process provides opportunities to clarify what is legal and to identify overlaps, gaps and contradictions in the legal framework. Thailand developed and tested its legality definition in a participatory way and made significant adjustments to its legal framework by publishing a revised Forest Act, a new National Land Act (*Khor Thor Chor*) and a Community Forest Bill in April/May 2019. Thailand included reclaimed wood as a new legal source of timber, an issue of particular interest by small-scale operators.

Next steps

Further negotiation sessions

The first face-to-face negotiation session was held in June 2017, followed by a second session in July 2018. Through negotiations Thailand and the EU will agree upon the content of the VPA and its annexes, including important aspects such as the legality definition, the scope of products the VPA will cover, the design of the timber legality assurance system including rules for import of legal timber, and commitments to make information public. Based on experiences in other countries, this negotiation process is expected to take several years.



3. Questions & Answers

This page provides answers to some common questions about the Thailand-EU Voluntary Partnership Agreement negotiations, FLEGT licensing and the Thai timber legality assurance system.

What is the Thailand-EU Voluntary Partnership Agreement (VPA)?

Thailand and the EU are negotiating a Voluntary Partnership Agreement (VPA), which is a legally-binding bilateral trade agreement that aims to improve forest governance and promote trade in legal timber from Thailand to the EU.

- VPAs are among the key tools of the EU Forest Law Enforcement, Government and Trade (FLEGT) Action Plan of 2003. As of March 2020, 15 countries were negotiating or implementing VPAs with the EU.
- Thailand informed the EU of its interest in a VPA in February 2013. The VPA negotiation phase was formally launched on 11 September 2013. Since then, the EU and Thai negotiators met twice via video conference ahead of their first face-to-face negotiations in June 2017. Four joint expert meetings also took place, in 2013, 2017 and 2018, to discuss technical issues.
- The VPA negotiations are expected to take several years. Under the VPA both parties would commit to trading only in legal timber products.
- Among other things, a Thailand-EU VPA would describe a timber legality assurance system capable of verifying the legality of timber products. When fully operational the timber legality assurance system would issue FLEGT licences to accompany Thai exports of verified legal timber products to the EU. Thailand plans to use the system developed with the EU for other markets also, including the domestic market.
- Thailand would then only export FLEGT-licensed timber products to the EU if those products fall under the scope of the VPA. The EU would only allow products that fall under the scope of the VPA to enter the EU if they are accompanied by a valid FLEGT licence. FLEGT-licensed timber is considered as meeting the requirements of the EU Timber Regulation, which prohibits EU importers and domestic producers from placing illegally harvested timber and timber products on the EU market.
- The VPA will include a framework for overseeing, monitoring and evaluating implementation of the VPA and the economic, social and environmental impacts of the VPA. The VPA will also include measures to ensure that imports into Thailand come from legal sources.

How will the VPA be negotiated?

The European Commission (DG Environment) negotiates on behalf of the EU. For Thailand, the negotiations are led by the Ministry of Natural Resources and Environment.

The national VPA negotiation committee comprises representatives of government ministries and agencies. Non-governmental stakeholders observed the first negotiations. Its Subcommittee for Negotiation Preparation includes government, private sector and civil society representatives. Much of the content of the VPA will be decided through deliberations among these national stakeholder groups.

In 2014, Thailand set up an Ad-Hoc Working Group (AHWG), comprising members of each key stakeholder group (government, private sector and civil society) to develop the legality definition. The AHWG's mandate was later expanded to cover preparation of all VPA annexes. The AHWG established seven multi-stakeholder working groups for specific VPA annexes and technical issues.

Technical discussions between the EU and Thailand take place through four Joint Expert Meetings, which are led, on the Thai side, by the Director General of the Royal Forestry Department. The parties also held six video conferences.

The VPA process is coordinated by the Thai-EU FLEGT VPA Secretariat Office (TEFSO), which was established by the Royal Forestry Department in 2013 to coordinate and carry out FLEGT-related work in Thailand.

When did VPA negotiations begin?

The VPA negotiation process formally began in September 2013. However, face-to-face negotiations did not take place until June 2017. In the interim, the EU and Thailand interacted through videoconference, one joint-expert meeting and technical missions by the EU FLEGT Facility.

When will VPA negotiations conclude?

Experience from other countries shows that it can take years for VPA negotiations to conclude, and further years to implement the VPA. In VPA processes to date, the period from the start of negotiations to the date the VPA entered into force has been between four and seven years. Several more years of VPA implementation then followed. Indonesia and the EU negotiated their VPA over six years. It took a further three years of implementation before Indonesia could issue FLEGT licences to EU-bound timber exports under the VPA.

The VPA process will take the time necessary to build a consensus among national stakeholders and to design and implement a timber legality assurance system that is robust and credible. It would be wrong to compare the pace of VPA negotiation and implementation between countries as each country's context and existing timber control system are different.

Which Thai stakeholders and institutions are involved in the VPA process?

The institutions and stakeholders that are involved in the VPA process include the following:

- **Government:** The national VPA negotiation committee includes representatives of the Ministry of Natural Resources and Environment, and the Royal Forestry Department as well as other ministries and departments such as the Ministry of Commerce, Ministry of Industry, Ministry of Finance, Ministry of Foreign Affairs, Natural Resources and Environmental Crime Suppression Division.
- **Private sector:** The private sector has followed the VPA process from an early stage – in particular, the Thai Timber Association, Thai Sawmill Association and the Federation of Thai Industry.
- **Civil society:** The FLEGT Civil Society Network was founded in 2014. At present, the network comprises 65 groups and networks. Most of the member organisations are CSOs, community groups and networks dealing with community forest and land issues. The network also includes private plantation cooperatives and small producers of timber products.

What is the status of the VPA?

The first face-to-face negotiations between Thailand and the EU took place in June 2017, followed by the second negotiations in July 2018. The parties have held four technical expert meetings and six video conferences, during which they discussed technical issues.

Thailand has advanced on drafting several VPA annexes. These include the product scope covered by the VPA, definition of legality including verification procedures, timber legality assurance system, independent audit and conditions governing the release of Thai timber products in the EU market. Work has also advanced on developing supply chain controls.

What is a VPA timber legality assurance system?

Each VPA describes a timber legality assurance system designed to verify the legality of timber from the forest or the point of import through the entire supply chain to the point of final sale or export.

In all VPAs, the system includes the following five components:

1. **Legality definition:** The legality definition states the aspects of a VPA partner country's law for which the timber legality assurance system evaluates evidence of compliance.
2. **Supply chain controls:** Supply chain controls ensure that timber products verified as legal remain legal throughout all processes associated with the supply chain. Supply chain controls also prevent verified legal products being tainted by unverified products entering the supply chain.
3. **Verification of compliance:** Verification of compliance involves checks that all the requirements of the VPA legality definition and supply chain controls have been met to ensure that timber products are legal.
4. **FLEGT licensing:** Once the timber legality assurance system is operational, it will provide for the issuance of a FLEGT licence for each shipment of timber products that is exported to the EU market. Such shipments and their exporters must meet all the requirements set out in the legality definition, supply chain controls and verification procedures.
5. **Independent audit:** An independent auditor will periodically assess the implementation, efficiency and credibility of the timber legality assurance system in order to identify, document and report any non-compliance and weaknesses in the system.

Until Thailand issues FLEGT licences, what requirements must its timber meet to enter the EU market?

Until the start of FLEGT licensing, timber products that Thailand exports to the EU will have to go through the normal due diligence process under the EU Timber Regulation (EUTR), if they fall under the scope of the EUTR. The EUTR prohibits the placing on the market of illegal timber and requires companies placing timber on the EU market to assess and mitigate the risk of illegal timber entering their supply chain. The obligation also applies to timber products made from imported timber in Thailand that are then exported to the EU.

How important is the trade in timber products from Thailand to the EU?

Thailand has historically exported to the EU only a small proportion of its total timber exports. In 2014, the value of Thai wood and wood product exports to the EU was USD 267 million, which amounted to 6% of the country's total wood and wood product exports (Source: UN Comtrade). It is, however, the EU's fifth most important trading partner of the 15 countries negotiating or implementing VPAs.

More than 80% of Thailand's wood and paper exports go to Asia, with a dominant role of China followed by Vietnam, South Korea and Japan. Some of these may have then been re-exported to the EU following processing.

The VPA is an opportunity for Thailand to increase exports to the EU, and improve its access to other markets, including those of countries such as Vietnam and China, which are also engaging with the EU on forest governance issues.

Vietnam, for example, concluded VPA negotiations with the EU in 2017 and both parties ratified the agreement in April 2019.

What products will the Thailand-EU VPA cover?

Products covered by the VPA will include all those required by the EU regulation establishing a FLEGT licensing scheme, which are a minimum requirement for VPAs: logs, sawn timber, railway sleepers, plywood and veneer.

In addition to the minimum requirements of the product scope of a VPA, the VPA will also cover other timber products that Thailand identifies through deliberation among national stakeholders. An annex in the VPA will list the range of products the VPA covers. Thailand has prepared a draft product scope annex, which includes all products covered by the EU Timber Regulation. The matter is still under negotiation.

How useful is the VPA, given that Thailand exports so much timber to non-EU markets?

The VPA is useful with respect to both EU and non-EU markets. Thailand exports about 40% of its timber and timber products to China and Vietnam, both of which are major suppliers to the EU market.

Vietnam is a VPA country, and is starting to implement its timber legality assurance system and strengthened controls on imported timber. China is also engaging with the EU on forest law enforcement and governance. By engaging in a VPA, Thailand therefore aims to meet the rising standards of multiple markets.

- In all VPAs agreed to date, the VPA timber legality assurance system and related regulations apply to all export markets, not just to the EU market.
- With such a commitment, the control and verification of operations will apply to all timber and timber products produced, acquired and/or in circulation in the VPA country.

- Under the FLEGT Action Plan, the EU seeks to work with other major timber consumers to develop a more comprehensive framework to reduce imports of illegally harvested timber.
- Other markets have implemented or are designing measures to eradicate illegal timber from their imports. These markets include the United States, Australia, Japan and South Korea.

How could a VPA boost trade with the EU?

Each VPA describes a timber legality assurance system that, when fully operational, will verify the legality of timber and timber products and issue FLEGT licences to exports bound for the EU. FLEGT licences automatically meet the requirements of the EU Timber Regulation (EUTR). This means operators in the EU can place FLEGT-licensed products on the market without doing further due diligence, thereby saving time and money. FLEGT-licensed products should therefore be more attractive to buyers than equivalent products that do not have FLEGT licences.

What other benefits could a VPA bring?

A VPA between Thailand and the EU is expected to bring social, economic and environmental benefits. Experiences from other VPAs show that these benefits can include:

- Improved livelihoods
- Sustainable forest management
- Access to markets
- Improved law enforcement, capacity and governance.
- A level playing-field for business with clear regulations that ensures competition is fair
- Opportunities to modernise industry, adding more value, competitiveness and performance
- Sharing more benefits from forestry operations with local communities
- Reaching Sustainable Development Goal targets

In the Thai context, the government is also interested in increasing the motivation of smallholders to plant trees to achieve financial, ecological and social benefits. This is part of the government's target of an 8% increase of forest cover.

How will the EU and Thailand oversee VPA implementation?

In each VPA, the EU and the partner country create a joint body to oversee VPA implementation. It is foreseen that Thailand and the EU will establish such a joint body once negotiations are concluded.

How will the impacts of the VPA be monitored?

In all VPAs, the EU and VPA partner country make a joint commitment to monitor the economic, social and environmental effects of the VPA. It is expected that the Thailand-EU VPA will commit to similar monitoring.

Will CITES species be covered by the VPA?

Species listed under the Annexes of CITES play an important role in Thailand. The draft legality definition states that for imported species listed under CITES an operator must follow related CITES legislation to import these species. The same applies to exporting species listed under CITES. The VPA therefore maintains CITES procedures.

Where can I find more information about the national process?

The Thai-EU FLEGT Secretariat Office (TEFSO) maintains the website www.tefso.org. This site contains information about the process, news, upcoming events, minutes of meetings and other documents coming out of the process.

4. Official documents from the EU-Thailand VPA process

- Joint press release by Thailand and the EU on the third session of VPA negotiations, 16 September 2020 [[PDF](#)]
- Joint press release by Thailand and the EU on the first session of VPA negotiations, 30 June 2017 [[PDF](#)]
- Joint press release by Thailand and the EU on the official launch of VPA negotiations, 11 September 2013 [[PDF](#)]

5. Websites

- [VPA Unpacked](#): Helping you understand FLEGT Voluntary Partnership Agreements [[Download Thai PDF](#)]
- EU FAO FLEGT Programme [[Read online](#)]
- ITTO: VPA independent market monitoring [[Visit website](#)]
- Capacity4Dev.eu: FLEGT Thailand document repository [[Read online](#)]
- Thailand's Royal Forest Department [[Visit website](#)]
- Thai-EU FLEGT Secretariat Office [[Visit website](#)]
- FLEGT.org: Thailand [[Visit website](#)]