

EU-Vietnam Voluntary Partnership Agreement



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1. The country

About 45% of Vietnam's land area is forested, and the country has a key role in processing in the timber sector in Southeast Asia. Vietnam imports timber from some 80 countries – in recent years main suppliers have included Cambodia, Laos, China, the US and Malaysia. Domestic plantation timber is increasingly used in the production of timber products and for the export of woodchip. Vietnam's wooden furniture exports mainly target environmentally conscious markets in the EU, the US and Japan.

The Voluntary Partnership Agreement (VPA) between the EU and Vietnam entered into force in June 2019. Vietnam is now working on regulations needed to implement the country's timber legality assurance system.

2. Background

This page provides information on the Vietnam-EU Voluntary Partnership Agreement (VPA), which aims to address illegal logging, improve forest governance and promote trade in legal timber products. It explains the aims of the VPA, progress to date and next steps.

Speed-reading

- Illegal logging creates social problems, environmental degradation and loss of economic opportunities.
- In November 2010, Vietnam and the EU began negotiating a Voluntary Partnership Agreement (VPA) to promote trade in legal timber products and improve forest governance.
- Under the VPA, Vietnam will develop a timber legality assurance system (VNTLAS) so it can issue FLEGT licences to verified legal timber products.
- Once Vietnam begins FLEGT licensing, it will export to the EU only verified legal timber products accompanied by FLEGT licences.
- FLEGT-licensed timber products from Vietnam will be able to enter the EU market without undergoing the due diligence checks required by the EU Timber Regulation.
- Legal and governance reforms supportive of the VPA process are underway.
- The VPA includes commitments on stakeholders' involvement and transparency. Vietnam has made progress towards ensuring decisions related to the VPA are taken in a participatory way. Government, civil society and the private sector are working together to ensure the VPA is credible and has broad stakeholder support.

Vietnam's forest products sector

Forests make an important contribution to Vietnam's economy and provide jobs and livelihoods to many people.

Vietnam has 44% tree coverage, of which one per cent is primary forest, 74% is secondary forest, and 25% is plantations. Tree cover has been growing at an annual rate of 1% thanks to a policy prioritising the establishment of protection and production plantations. In 2013, the timber harvested from natural forests equated to just 1% of the eight million cubic metres from plantations.

Vietnam also imports timber from more than 80 countries for processing and re-export. Control of imported timber to ensure it is legally harvested is a key part the timber legality assurance system Vietnam is developing. Vietnam's efforts to ensure the legality of its timber products therefore have great potential to address illegality not only in Vietnam but across the world.

Vietnam's main timber product exports are furniture, woodchips and paper. In 2016, the value of Vietnam's wood and wood product exports to the EU was USD 736 million (source: Go Viet -January/February 2017 [\[PDF\]](#)).

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. Vietnam 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 prohibits the placing of illegal logging on the EU market and 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, the Republic of Korea 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 Vietnam meet the legality requirements of markets beyond the EU.



Wood stock, Viet Nam, Hồ Chí Minh, Quận 7 (Source: GaryCicles via Flickr)

The EU-Vietnam VPA

Vietnam and the EU negotiated the terms of the VPA through a cooperative process: both Parties share the goal of fostering good forest governance and addressing illegality.

Vietnam and the EU began negotiating the VPA in November 2010. The VPA process involved representatives of Vietnamese civil society organisations, the private sector, government ministries and agencies. Through wide participation, the process aims to foster significant national ownership, stakeholder engagement and a broad consensus that will promote effective VPA implementation.

In November 2016, Vietnam and the EU agreed in principle on the content of the VPA. On 11 May 2017, they initialled the VPA, to indicate that both Parties confirm that the wording contained in the document is the wording they agreed. Vietnam and the EU signed the VPA in October 2018. The Agreement entered into force in June 2019, after it was ratified by both Parties. A joint Vietnam-EU body oversees 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, Vietnam will build on existing national initiatives in forest governance to develop a robust timber legality assurance system (VNTLAS). Vietnam will begin issuing FLEGT licences when the timber legality assurance system has been successfully tested, and when Vietnam 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.

The VPA process itself is fostering participation, transparency, legislative clarity and other aspects of good governance (see How the VPA improves forest governance).

Vietnam's efforts to tackle illegal logging

Vietnam has made significant efforts to address illegal logging. VPA negotiations between Vietnam and the EU began in 2010. Since then, the quality of discussion around illegal logging has improved, as the government is increasingly open to civil society and private sector actors being involved. The logging and timber production industries have also become more open to third party certification.

Key dates

2019		1 June: VPA entered into force
2018		19 October: VPA signed
2017		11 May: VPA agreed
2010		29 November: Negotiations started

1993: Vietnamese Land Law widens rights accorded to landholders

1994: Vietnam begins allocating forestland it previously managed to public organisations, households and states

1994: Forest Protection Department turned into an enforcement agency

2008: Bilateral MoU committing Vietnam to coordination on forest management and protection, law enforcement and trade with the government of Lao PDR

2010: EU and Vietnam begin negotiating a Voluntary Partnership Agreement (VPA)

2016: The EU and Vietnam reach agreement in principle on the terms of the VPA

2017: In May, the EU and Vietnam initialled the VPA

2017: The EU and Vietnam set up a Joint Preparatory Committee to oversee progress towards VPA implementation in the period between agreeing and ratifying the VPA

2017: In November, Vietnam's National Assembly passed a new Forestry Law

2018: In October, the EU and Vietnam signed the VPA

2019: In January, Vietnam's new Forestry Law entered into force

In June, the EU-Vietnam VPA entered into force.

In November, Vietnam issued a Government Decision approving the plan for implementation of the VPA.

Vietnam's timber legality assurance system

Under the VPA, Vietnam commits to develop a system for assuring the legality of its timber. The timber legality assurance system (VNTLAS) will have the following elements:

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. Vietnam's legality definition is divided into two sections: one for 'organisations' (i.e. businesses, including private, state-owned and cooperatives) and one for 'households' (i.e. domestic households, individuals and village communities)
2. **Verifiers of legal compliance:** Verifiers are documents referred to in the legality definition that are used for organisations and households to demonstrate legal compliance.
3. **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.
4. **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. Vietnam will develop a new Organisations Classification System (OCS) to assess periodically the risk level of all organisations with regard to their compliance with VNTLAS requirements.
5. **FLEGT licensing:** Once the VNTLAS 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 VNTLAS legality definition, supply chain controls and verification procedures.
6. **Internal inspections and a feedback mechanism:** Government agencies may make inspections to detect loopholes in laws, regulations and management mechanisms and to recommend solutions; as well as to prevent and combat corruption and to detect and handle violations of the law. There will be a mechanism for stakeholder complaints and feedback concerning the VNTLAS and FLEGT licensing.
7. **Independent evaluation:** An independent evaluator will periodically assess the implementation, efficiency and credibility of the VNTLAS in order to identify, document and report any non-compliances and weaknesses in the system. The independent evaluator will propose measures for improvement to the EU-Vietnam Joint Implementation Committee.

The VNTLAS will recognise voluntary and national certification schemes as follows. Recognised voluntary certification and national certification schemes will be taken into account as a supplementary verifier for the risk-based verification of timber imports. Recognised voluntary certification schemes, voluntary due diligence and chain-of-custody systems will be considered for integration into the OCS methodology (see Verification of compliance, above).

The scope of the VPA covers all export markets, as well as the domestic market. Once the VNTLAS is operating as described in the VPA, Vietnam will issue FLEGT licences to timber products it exports to the EU.

The range of timber products included in the scope of VPA includes all major products exported to the EU. It includes the five compulsory timber products as defined in the EU FLEGT Regulation of 2005 (logs, sawn timber, railway sleepers, plywood and veneer) as well as other timber products such as wood in chips or particles, parquet flooring, particle board and wooden furniture.

Non-compliances with the legality definition (and supply chain controls) will be handled in accordance with Vietnamese legislation, which provide for administrative and criminal sanctions to be applied to both organisations and households.

How the VNTLAS treats the timber Vietnam imports

The VPA addresses the legality of not only Vietnam's domestic timber but also the timber that Vietnam imports. To do this, the VPA includes requirements for Vietnamese operators to exercise due diligence to assess the legality of logs and timber they import. Under the VNTLAS, Vietnamese importers will have to gather information from their suppliers in other countries, analyse this information to identify the risk of illegality, and adopt measures to mitigate the risk of importing illegally harvested timber. This means that when the VPA is implemented, it will not only ensure that all Vietnamese timber exports to the EU are legal. It will also raise standards throughout supply chains in the 80 countries that supply timber to Vietnam.

Vietnam's VPA commitments are reflected in its new Forestry Law, which entered into force in January 2019. In particular, the new Law signals the intent to develop and operate the Viet Nam Timber Legality Assurance System and to prohibit logging, transportation, importing, processing and trade that is not in line with Vietnamese laws and international agreements.

How the VPA improves forest governance

Legal reforms and improved legal clarity

The VPA process in Vietnam is providing an opportunity to increase clarity in legal compliance and law enforcement, as well as to identify areas where some of the current legal framework could be strengthened in future.

- Vietnam has taken steps to consolidate the legislative and regulatory framework. In 2012, for example, the Ministry of Agriculture and Rural Development (MARD) introduced a new Circular on timber supply chain controls, which brought together previously scattered regulations into a more coherent framework.
- The preparation of the legality definition has, for the first time, brought forestry-specific legislation and regulations together with those of other sectors in a comprehensive framework.
- MARD issued a Circular on harvesting of forest products, which includes several improvements that are consistent with earlier recommendations of the Vietnamese NGO FLEGT Network (VNGO-FLEGT).
- Vietnam’s VPA commitments are reflected in its new Forestry Law, which entered into force in January 2019. In particular, the Law signals the intent to develop and operate the Viet Nam Timber Legality Assurance System, as well as to prohibit logging, transportation, importing, processing and trade that is not in line with Vietnamese laws and international agreements.
- The 2019 Forestry Law also strengthens the legal provisions on sustainable forest management and certification, the protection of natural forests, forest environmental services, forest conversion, and promoting investment in forestry. In addition, the Law contains significant new articles on social safeguards, which were strongly advocated by Vietnamese NGOs during consultations on the draft Law.
- MARD is preparing legislation to implement the new Forestry Law, including a Decree to implement new commitments. The Decree will transpose into the Vietnamese legal framework VPA obligations related to the control of imported timber, verification of compliance and FLEGT licensing.

Stakeholder consultations

Compared to other trade negotiations in Vietnam, stakeholder consultations on the VPA have been wider and more frequent. A variety of consultation mechanisms has been used, and there is an increased level of public disclosure of information. The level of stakeholder participation has grown during the VPA process. The government is recognising the capacity and contributions of NGOs and their ability to engage in policy work, as evidenced by the involvement of one member of the Vietnamese NGO FLEGT Network in the independent review of the forest law that was initiated and received by VNFOREST in 2013.

The private sector and Vietnamese NGOs have continued to engage in policy reform through consultation on new legislation, including a decree on VNTLAS and a Circular on the legal timber dossier and verification of forest products, which was commented on by a broad range of organisations and individuals.

In 2017, Vietnam established a Multi-Stakeholder Core Group to foster effective communication, provide feedback on the implementation of the VPA, and propose issues for the EU and Vietnam to consider in meetings of their joint bodies. The Group’s members

include representatives of Vietnamese industry associations, professional associations, non-governmental organisations, research institutes and government agencies.

Enhanced capacity to address illegal logging

The VPA process is strengthening the capacity of government, private sector and civil society to work together to address illegality in Vietnam's forest sector. The Vietnamese NGO FLEGT Network has provided training and capacity for NGOs working in the forest sector.

Greater transparency

The VPA includes provisions for transparency and access to information necessary for and supportive of stakeholders' involvement in the implementation of the VPA. This assurance that key forestry-related information will be made available to the public also represents an important contribution to reinforcing Vietnam's forest governance.

Clarification of forest land use rights

Forestland use rights are fully incorporated in the legality definition for both organisations and households. Vietnam has taken an inclusive approach to defining forestland use rights: In addition to formal Land Use Certificates, the legality definition identifies other documents used as evidence of land use rights. This responds to the current situation whereby some households have still not been allocated formal Land Use Certificates, but are nonetheless legal land users.

How non-state actors have engaged with the VPA process

Non-state actors representing civil society and the private sector have engaged with the VPA process in various ways.

- The Vietnam Timber and Forest Product Association (VIFORES), the Handicraft and Wood Industry Association of Ho Chi Minh City (HAWA) and the Forest Products Association of Binh Dinh have undertaken joint work with Forest Trends. This has included a report ([PDF](#)) on Vietnam's imports of logs and sawnwood from natural forests in Cambodia.
- Since 2014, the Vietnamese NGO Pan-Nature has been working with WWF and the Vietnamese Forest Administration on a four-year project intended to ensure communities and small-scale timber processors near the border with Laos will benefit from the VPA.
- The Center for Education and Development (CED) and the Vietnam Chamber of Commerce and Industry (VCCI) have been implementing a strategy to build the capacity of media and business associations to inform stakeholders about the VPA and help them prepare for implementation. See this presentation ([PDF](#)) for details.

- To support this work, in 2014, CED and VCCI assessed ([PDF](#)) what small and medium enterprises in six provinces knew about timber legality, FLEGT and the VPA, in order to identify information and training needs.
- The Sustainable Forest Management Institute worked with international organisation NEPCo to develop an online training centre. It aims to provide small and medium sized businesses in Vietnam with know-how to meet EU market demands for legal timber.
- In May 2017, Vietnam's four main timber industry associations issued a joint declaration with a commitment to say no to illegal timber.

Some civil society organisations have set up the Vietnamese NGO FLEGT Network. It has provided training and capacity building to Vietnamese NGOs working in the forestry sector. It also assessed possible impacts of the VPA on farmers who grow and harvest timber without land tenure certificates; ethnic minorities who depend on forests; and small-scale wood processing households.

Next steps

Implement the VPA

The VPA came into force in June 2019. The EU and the Vietnam established a Joint Implementation Committee to oversee implementation of the VPA.

In 2017, the Joint Preparation Committee endorsed a Joint Implementation Framework and agreed to make it public. The Framework, developed through a multi-stakeholder process, includes actions and milestones in eight strategic areas, from the development of Vietnam's timber legality assurance system (VNTLAS) to capacity building and stakeholder engagement.

The Committee has agreed on a roadmap of priority actions for 2020. These include development of VPA Progress Monitoring Table, preparation of the First Joint Annual Report, preparation of a plan for VPA communications and public disclosure, and preparation of a VPA Monitoring Framework.

The EU and Vietnam have also set up a structure called the Joint Expert Meeting. It will convene periodically and provide support on technical matters relating to VPA implementation to the Joint Implementation Committee.

Vietnam will need to revise and/or issue new legislation to realise the commitments of the VPA. It is developing the timber legality assurance system described in the VPA and will build capacity to operate the system.

Vietnam has committed to include all stakeholders in the implementation of the VPA. It has set up a multi-stakeholder group for consultation, including with regard to monitoring implementation of the VPA and independent forest governance monitoring.

Trade in FLEGT-licensed timber

When a joint EU-Vietnam evaluation concludes that the timber legality assurance system is fully operational as described in the VPA, the Joint Implementation Committee can propose that Vietnam begins to issue FLEGT licences. Once a decision is made to commence FLEGT licensing, the parties will follow their respective internal processes, including legislative measures, such as amending the FLEGT Regulation on the EU side.

Once FLEGT licensing begins, a valid FLEGT licence must accompany all exports to the EU of Vietnamese timber-based products listed in Annex I of the VPA. EU customs officials will deny entry to any products covered by the VPA that arrive without a valid FLEGT licence.

Independent market monitoring

The EC has appointed the International Tropical Timber Organisation as independent market monitor for all VPA countries. Once Vietnam's timber legality assurance system is in place and issuing FLEGT licences, the independent market monitor will assess the trade in timber products between Vietnam and the EU, and the impacts of FLEGT licensing on this trade.



Kim Bong carpentry village (Source: Duc via Flickr)

3. Questions and Answers

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

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Part One: Background and basics

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

The VPA is a legally-binding bilateral trade agreement that aims to improve forest governance and promote trade in legal timber from Vietnam to the EU.

- VPAs are among the key tools of the EU Forest Law Enforcement, Government and Trade (FLEGT) Action Plan of 2003. Vietnam is one of 15 countries negotiating or implementing VPAs with the EU.
- Vietnam and the EU began negotiating the VPA in 2010. They agreed in principle on the content of the VPA in November 2016 and signed the VPA in October 2018. The Agreement entered into force in June 2019, after each Party had ratified it, in line with their internal procedures.
- Under the VPA, both parties commit to trading only in legal timber products.
- Among other things, the VPA describes a timber legality assurance system capable of verifying the legality of timber products. When fully operational the timber legality assurance system will issue FLEGT licences to accompany Vietnam's exports of verified legal timber products to the EU.
- Vietnam will then only export FLEGT-licensed timber products to the EU. The EU will only allow Vietnam's timber exports 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 also includes a framework for overseeing, monitoring and evaluating implementation of the VPA and the economic, social and environmental impacts of the VPA.
- The VPA is the first that the EU has signed with a major timber processing country and is the EU's second VPA with an Asian country (after Indonesia).
- Learn more about VPAs in [VPA Unpacked](#).

Is the Vietnam-EU Voluntary Partnership Agreement available online?

Yes. The full text of the VPA and its annexes is available [here](#).

What is the status of the VPA?

The EU and Vietnam signed the VPA in October 2018. The VPA entered into force in June 2019, after both the EU and Vietnam had ratified it in accordance with their respective procedures.

How was the VPA negotiated?

The European Commission (DG Environment) negotiated on behalf of the EU. For Vietnam, the negotiation was led by the Vietnam Administration of Forestry (VNFOREST) under the Ministry of Agriculture and Rural Development. An inter-ministerial FLEGT-VPA Steering Committee has been in place since 2011.

In 2011, Vietnam established two Working Groups: one to prepare the timber legality definition and another to prepare the legality assurance system. These Working Groups include representatives from government, industry association and one international NGO.

What was the role of stakeholders in the VPA negotiation process?

The mechanisms of consultation included seeking written comments on draft VPA Annexes; posting drafts of the Legality Definition online for comment; stakeholder consultation workshops; and regular feedback meetings on key issues with the industry associations and enterprises.

Civil society

- Vietnamese civil society organisations were not formally represented on either the Steering Committee or the Working Groups and, unlike in other VPA processes, were absent from the negotiation table.
- However, the VPA process provided an opportunity for wider stakeholders (beyond the central government agencies represented in the Steering Committee) to contribute during the development of the VPA on the basis of their forest sector related interests and concerns during several rounds of public consultations.
- In response to this opportunity, Vietnamese NGOs formed a VNGO FLEGT Network in 2012 to promote and coordinate civil society inputs in the process. The network now has 60 member organisations. It has conducted community consultations on the legality definition and undertook a VPA livelihood impact assessment to provide an informed basis for their contributions and engagements with the Vietnam Administration of Forestry (VNFOREST) on the VPA.

Private sector

- The private sector has been increasingly involved through their main associations – VIFORES, HAWA and Binh Dinh FPA. Together, the associations collaborated with Forest Trends to conduct analyses of timber imports and exports, which has helped inform the situation and solutions for supply chain control.

- The associations were represented on the Working Groups Vietnam set up to develop the VPA legality definition and timber legality assurance system.

What is the role of stakeholders in VPA implementation?

- Vietnam has committed to include all stakeholders in the implementation of the VPA. To this end, it has established a Multi-Stakeholder Core Group to provide a platform for stakeholder engagement in VPA implementation.
- This group includes representatives from the timber industry associations, professional associations, Vietnamese NGOs, research institutes, FLEGT project holders and verification agencies as active members, and international development partners as observers. The group is co-chaired by the Vietnam Administration of Forestry and by nominated representatives of the member organisations on a revolving basis.
- The group has provided inputs to the preparation of the VPA Joint Implementation Framework (JIF), and joint information and communication activities.
- The main functions of the group are to promote coordination and synergy between VPA-FLEGT related actions, to provide advice and feedback on implementation of the VPA and its timber legality assurance system, and to provide a focal point for information exchange and joint actions. The group may propose issues for consideration by the parties through the Joint Preparation Committee/Joint Implementation Committee.

When will FLEGT licensing start?

Now that the VPA has entered into force, there is typically a period of intense technical work to establish all systems and procedures required for its implementation. Once the Vietnam Timber Legality Assurance system (VNTLAS) has been fully operationalised, FLEGT licensing will begin after a joint assessment of the VNTLAS by Vietnam and the EU confirms that the system fully meets the requirements described in the VPA.

How do the EU and Vietnam oversee VPA implementation?

Vietnam and the EU established a Joint Implementation Committee to oversee VPA implementation.

What products does the Vietnam-EU VPA cover?

Products covered by the VPA 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 also covers other timber products such as wood in chips or particles, parquet flooring, particle board and wooden furniture.

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

The EU is a key market for timber products from Vietnam. In recent years, the annual value of Vietnam's wood product exports to the EU has exceeded 700 million USD (Source: Go Viet 2017 [[PDF](#)]; 2018 [[PDF](#)]).

- The main timber products destined for the EU are wooden furniture.
- The website and reports of the [FLEGT Independent Market Monitor](#) also provides information on trade flows.

How much of Vietnam's timber production does the VPA cover?

Once operational, the VPA's timber legality assurance system will cover all timber and timber products produced, acquired and/or in circulation in Vietnam. This includes wood and timber products imported into Vietnam. Vietnam's timber legality assurance system and related regulations will apply to all export markets and the domestic market in Vietnam. However, only exports to the EU will receive a FLEGT licence.

In terms of sources, it covers imported timber and all domestic sources in Vietnam, including natural and plantation forests, confiscated timber (under specific circumstances), timber from home-gardens, farms and scattered trees, and rubber wood.

The specific references to timber from home-gardens and to rubber wood reflects the importance of these two sources associated with widespread household-scale tree planting and the growing volume of timber extracted from rubber plantations no longer productive for latex.

How useful is the VPA, given that most of Vietnam's timber exports go to other markets, including less scrupulous markets than the EU?

Vietnam's timber legality assurance system and related regulations apply to all export markets, as well as the domestic market.

- With this commitment, the control and verification of operations will be the same for all timber and timber products produced, acquired and/or in circulation in Vietnam. FLEGT licences, however, will be only issued – at least initially - to exports destined for the EU market.
- FLEGT alone cannot stop trade in illegal timber, especially if major markets remain less regulated. Indeed, 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.
- China, which is the world's largest importer of tropical timber and also a major buyer of Vietnamese timber products, is developing its own legality assurance system and there are efforts to link it to FLEGT under the EU-China Bilateral Coordination Mechanism on Forest Law Enforcement and Governance (FLEG).

- 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.

Part Two: How will Vietnam verify the legality of timber and timber products

What is the Viet Nam Timber Legality Assurance System?

The core of the VPA describes Vietnam's timber legality assurance system (VNTLAS), which will ensure that timber products are verified legal according to specified requirements for all stages of the supply chain, from the forest or the point of import to the point of final sale or export.

The VNTLAS has seven elements:

- **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. Vietnam's legality definition is divided into two sections: one for 'organisations' (i.e. businesses, including private, state-owned and cooperatives) and one for 'households' (i.e. domestic households, individuals and village communities). See question below for more information on the legality definition under the EU-Vietnam VPA.
- **Verifiers of legal compliance:** Verifiers are documents referred to in the legality definition that are used for organisations and households to demonstrate legal compliance. There is a distinction between static and dynamic verifiers:
 - 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.
 - Dynamic verifiers are used to verify the legal compliance of timber origin and timber in circulation at each stage of the supply chain.
- **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. They apply to all three supply-chain critical control points in the VNTLAS:
 - Timber sources entering the VNTLAS: Vietnam maintains strict control over the management and harvesting of timber from domestic natural forest, and for allowing confiscated timber to enter the VNTLAS supply chain. To ensure compliance of imported timber, Vietnam shall issue legislation requiring importers to conduct due diligence to ensure that imported timber has been legally harvested, produced and exported in accordance with the legislation in the country of harvest.

- Intermediate stages: The controls include systems to support data analysis to monitor timber volumes within and between stages of supply chains; and physical inspections particularly on the basis of the analyses of supply-chain data.
 - Export to any market: A risk-based approach will apply, based on the OCS category (see below), for the verification of shipments of timber destined both for EU and non-EU markets.
- **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. Vietnam will develop a new Organisations Classification System (OCS) to assess periodically the risk level of all organisations with regard to their compliance with VNTLAS requirements in order to apply appropriate verification measures in an effective, efficient and timely manner. The OCS will be operated by the Forest Protection Department or other entities authorised by the government. The OCS will also support the Forest Protection Department in its management of violations of the law on forestry and other key sectors under the legality definition.
 - **FLEGT licensing:** Once the VNTLAS 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 VNTLAS legality definition, supply chain controls and verification procedures.
 - **Internal inspections and a feedback mechanism:** Government agencies may make inspections to detect loopholes in laws, regulations and management mechanisms and to recommend solutions; as well as to prevent and combat corruption and to detect and handle violations of the law. There will be a mechanism for stakeholder complaints and feedback concerning the VNTLAS and FLEGT licensing.
 - **Independent evaluation:** An independent evaluator will periodically assess the implementation, efficiency and credibility of the VNTLAS in order to identify, document and report any non-compliances and weaknesses in the system. The independent evaluator will propose measures for improvement to the EU-Vietnam Joint Implementation Committee.

What is a FLEGT licence?

A FLEGT licence is a licence issued by a timber-producing country that has a Voluntary Partnership Agreement (VPA) with the European Union. The licence attests to the legality of the timber or timber products.

When Vietnam's timber legality assurance system is fully working as described in the Vietnam-EU VPA, Vietnam will issue FLEGT licences for timber bound for the EU.

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

Until the start of FLEGT licensing, timber products Vietnam exports to the EU will have to go through the normal due diligence process under the EU Timber Regulation (EUTR), if they are covered under its product scope. 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. Once FLEGT licensing starts, FLEGT-licensed products automatically meet the EUTR requirements, meaning that no due diligence is required.

How does the VPA define legally-produced timber?

The VPA defines "legally produced timber" as timber products harvested or imported and produced in accordance with legislation of Vietnam, as set out in the legality definition and other relevant provisions of the VPA. In the case of imported timber, it means timber products harvested, produced and exported in accordance with relevant legislation of the country of harvest (covering rights to harvest, forestry activities, taxation and fees, and trade and customs).

The VPA legality definition itself sets out the core requirements of legislation applicable to timber in Vietnam in the form of principles, criteria and verifiers. All elements of the legality definition need to be complied with in order for the timber to be considered to have been legally produced. The VPA legality definition is divided into two sections: one for 'organisations' (operators registered as a business, including private, state-owned and cooperatives) and one for 'households' (including domestic households, individuals and village communities).

Each section of the legality definition includes seven principles:

1. Principle I: Harvesting of domestic timber complies with regulations on land use rights, forest use rights, management, environment and society
2. Principle II: Compliance with regulations on handling confiscated timber
3. Principle III: Compliance with regulations on importing timber
4. Principle IV: Compliance with regulations on timber transportation and trade
5. Principle V: Compliance with regulations on timber processing
6. Principle VI Compliance with regulations on export
7. Principle VII (Organisations): Compliance with regulations on tax and labour; and Principle VII (Households): Compliance with regulations on tax.

To comply with the legality definition and show that their timber has been legally produced, 'organisations' and 'households' shall comply with all the applicable indicators under the seven principles.

How does the VPA deal with the wood Vietnam imports?

Vietnam's VPA addresses the legality of not only domestic timber but also the timber Vietnam imports. To do this, the VPA includes requirements for Vietnamese operators to exercise due diligence to assess the legality of timber and timber products they import.

- Vietnamese importers will now have to gather information from their suppliers in other countries, analyse this information to identify the risk of illegality, and adopt measures to mitigate the risk of importing illegal timber.
- This means that when the VPA is fully implemented, it will not only ensure that all Vietnamese timber exports to the EU are legal. It will also raise standards throughout supply chains in the 80+ countries that supply timber to Vietnam.
- Vietnam's timber legality assurance system will apply three risk-based filters and measures to the verification of all imports:
 - Customs risk assessment measures
 - Timber species risk categories
 - Risk associated with geographic origin
- In addition to issuing legislation requiring importers to conduct due diligence over the legal origin of imported timber, Vietnam will apply adequate, proportionate and dissuasive sanctions in case of non-compliance with this legislation.

What does 'due diligence' mean in the context of the VPA?

The concept of due diligence is an important element of Vietnam's risk-based approach for the implementation of the VNTLAS. Vietnam will develop dedicated legislation to set out the details of this approach. The key pillars of due diligence included in the design of the VNTLAS are as follows:

- When importing timber, Vietnamese importers shall complete a self-declaration that documents their due diligence exercise, including the collection of information, risk assessment and mitigation of any risk related to the legal origin. Compliance with due diligence requirements will be verified by Vietnam Customs in cooperation with other relevant agencies. This exercise of due diligence will be in addition to a requirement to provide documentation demonstrating legality of timber for those sources identified as presenting a greater risk of illegality.
- When buying timber on the Vietnamese domestic market, organisations and households take responsibility for the legal origin of the timber and must check the conformity of the timber product dossier with the timber to ensure that the sourced timber is of legal origin.

How does the VPA deal with timber in transit through Vietnam?

Transit timber remains segregated from timber entering Vietnam's timber legality assurance system (VNTLAS). Such transit timber is not subject to VNTLAS legality verification and will not be covered by the FLEGT licensing scheme. However, it remains under the supervision of the Customs Authority from the entry point into Vietnam until its exit from Vietnam.

Do companies that hold voluntary certification (such as FSC or PEFC) also have to follow the VPA timber legality assurance system?

Yes. Operators that hold voluntary certification will be subject to the same requirements as non-certified operators. All exporters to the EU need to get FLEGT licences to export timber products.

Vietnam shall assess voluntary certification and national certification schemes according to VNTLAS requirements in order to recognise schemes that can then be taken into account as a supplementary verifier for the risk-based verification of timber imports. Vietnam will also consider during implementation how voluntary certification schemes can be taken into account in the Organisations Classification System to assess the risk of operators.

Special attention will be paid to ensuring that the voluntary certification schemes' recognition process is both credible and fully owned at the national level: the Vietnam-EU Joint Implementation Committee will play an important role in endorsing the methodology for assessment of schemes, while the independent evaluation will monitor their use during implementation.

How does the VPA address conversion of forests, such as for agriculture?

The VPA legality definition includes provisions for timber coming from conversion of forests. For example, the legality definition describes the legal basis for the decision on land-use change, the approval of measures on compensation for site clearance, and the approval of the environmental impact assessment.

Part Three: Outcomes of the VPA

How will the impacts of the VPA be monitored?

The EU and Vietnam made a joint commitment to monitor the social, economic and environmental effects of the VPA.

The European Commission has appointed the International Tropical Timber Organization as the [FLEGT Independent Market Monitor](#) for all VPA countries. The market monitor will assess the trade in timber products between Vietnam and the EU, and the impacts of FLEGT licensing on this trade. A baseline report was published in 2015.

How will the VPA benefit Vietnam?

The VPA is expected to bring economic, social and environmental benefits to Vietnam.

- The VPA should strengthen the market position of verified-legal timber products in the EU and elsewhere.
- FLEGT-licensed timber will automatically meet the requirements of the EU Timber Regulation so will be exempt from any due diligence assessment process, saving time and money. This should increase EU importer confidence in Vietnam's timber products and make their products more attractive compared with equivalent products without FLEGT licences.
- The VPA will increase government revenues by blocking access to export and domestic markets for illegal operators who do not pay appropriate taxes and fees.
- The VPA will make it easier for Vietnam to manage forest resources in a sustainable way, notably through better monitoring and data for sustaining yield.
- The VPA will help smallholders and small or medium enterprises to gain international market access.
- The VPA will raise the international profile of Vietnam, as it will highlight Vietnam's efforts to improve governance in one of its main economic sectors.

What benefits have already arisen from the VPA process?

Several positive developments have emerged during the VPA negotiations:

- **Consolidation of legislation and regulations:** Vietnam has taken steps to consolidate the legislative and regulatory framework. In 2012, for example, the Ministry of Agriculture and Rural Development introduced a new Circular on timber supply chain controls, which brought together previously scattered regulations into a more coherent framework. Preparation of the VPA legality definition has, for the first time, brought together forestry-specific legislation and regulations with those of other sectors in a comprehensive framework.
- **Streamlining and simplification of regulations:** The Ministry of Agriculture and Rural Development issued a new Circular on harvesting of forest products. It includes several improvements that are consistent with recommendations of the VNGO-FLEGT Network – such as shifting the authorisation level for notification / approval for harvesting closer to the forest owner (e.g. a shift from provincial authority to district, or district to commune); and simplifying the requirements that apply to households and communities wanting to harvest timber for basic needs (i.e. for non-commercial purposes).
- **Clarification of forestland use rights:** Forestland use rights are fully incorporated in the legality definition for both Organisations and Households, in order to establish the legality of domestic timber supplies. Vietnam has taken an inclusive approach to defining forestland use rights, so that in addition to formal Land Use Certificates, the

legality definition identifies a range of other documents used as evidence of land use rights. This responds to the current situation whereby some households have still not been allocated formal Land Use Certificates, but are nonetheless legal land users.

- **Management and protection of domestic natural forests:** Vietnam is taking steps to strengthen management and control exploitation of domestic natural forest. While these measures are not only linked to the VPA process, they reflect increased commitment to addressing FLEGT-related issues – for example in 2014, the Government introduced a prohibition on harvesting natural forest timber, with the exception of State Forest Companies (SFCs) that have SFM certification. Vietnam is developing a comprehensive national framework for sustainable forest management and certification.
- **Stakeholder consultations:** as compared to other trade negotiations in Vietnam, stakeholder consultations on the VPA have been wider and more frequent. A variety of consultation mechanisms has been used, and there is an increased level of public disclosure of information. Vietnam has established a multi-stakeholder group to provide input during VPA implementation. Its members include representatives of Vietnamese industry associations, professional associations, non-governmental organisations, research institutes and government agencies.
- **Civil society engagement:** There is an increased level of understanding and engagement of Vietnamese NGOs in FLEGT issues, in particular through the VNGO-FLEGT Network. As a result, government is more positive about the capacity and contributions of VNGOs and their ability to engage in policy work. This is evidenced by the involvement of one member of the VNGO-FLEGT Network in the independent review of the forest law that was initiated and received by VNFOREST in 2013; and involvement of others in ongoing work with VNFOREST to develop a national smallholder/tree farmer association. These developments show how the VPA has opened a space for work and discussions on forest governance in the margins of the negotiations.

How can the VPA address corruption?

The VPA states that Internal Inspection will apply to system elements 1 to 5 of Vietnam's timber legality assurance system (VNTLAS). Such inspection activities aim to detect loopholes in laws, regulations and management mechanisms and to recommend solutions to the relevant government agencies; and to prevent and combat corruption.

The VPA also establishes procedures for reporting any problems, including corruption, related to the implementation of VNTLAS. The national process for providing feedback on implementation is outlined in the VPA as follows:

“Questions, complaints and denunciations from organisations or individuals will be received by the Verification Authority and FLEGT Licensing Authority either independently to VNFOREST or through established feedback mechanisms through the representative timber industry associations and socio-political organisations.”

“Feedback on VNTLAS implementation may go through policy dialogues and forums organised by the government, by representative industry associations, by socio-political organisations and by civil society organisations according to the laws of Viet Nam. The Joint Implementation Committee will be regularly informed on the outcome of any policy dialogues or forums related to VNTLAS implementation.”

The VPA also states that the procedures of the independent evaluation of the VNTLAS “will specify how information received from relevant stakeholders will be recorded and utilised by the independent evaluator, notably NGOs, forest associations, enterprise, trade unions, local communities and people living in the forest areas.”

Is the VPA fair to small-scale operators in the sector?

Yes, the VPA legality definition is divided into two sections: one for ‘organisations’ (operators registered as a business, including private, state-owned and cooperatives) and one for ‘households’ (including domestic households, individuals and village communities).

This structure reflects the different compliance requirements of various regulations that apply to these two target groups. The division between organisations and households enabled Vietnam to design a clear, specific and feasible timber legality assurance system (VNTLAS).

How does the VPA protect community rights?

The VPA legality definition identifies the various ways in which forest and land use rights are awarded. It states that the Government of Vietnam: “aims to ensure that conducive conditions are created whereby domestic timber growers can produce and sell their products.” The legality definition therefore sets out a comprehensive and inclusive framework of verifiers on land-use rights and forest-use rights.

Part Four: FLEGT licensing

What will the FLEGT licence from Vietnam look like?

The FLEGT licence looks like the template in Annex IV of the Vietnam-EU Voluntary Partnership Agreement (VPA). Download the PDF [here](#).

What is the link between FLEGT licensing and CITES in Vietnam?

Timber from species that are subject to the provisions of CITES are subject to the same control and verification procedures under Vietnam’s timber legality assurance system as other timber.

The CITES Management Authority of Viet Nam will issue CITES permits for shipments into the EU that contain only timber that are subject to the provision of CITES. In line with the FLEGT Regulation, timber and timber products which are subject to the CITES provisions shall be exempted from FLEGT licensing requirements. Shipments which do not contain timber subject to the provision of CITES shall be subject to a FLEGT licence.

How will FLEGT licences be issued?

FLEGT licences shall be granted for each export shipment of timber that is listed under Annex I (i.e. product scope) of the VPA and exported to the EU market provided that such shipment and the exporter have met with all the requirements set out in Annex II and supply chain control and verification under Vietnam's timber legality assurance system (VNTLAS).

FLEGT licences shall be issued prior to the shipment export process.

FLEGT licences shall be granted by a Competent Authority assigned by the Government of Vietnam (see below).

What is the Licensing Authority?

The Viet Nam CITES Management Authority shall serve as the FLEGT Licensing Authority (referred to as the Licensing Authority).

Part Five: Ensuring effective VPA implementation

What does VPA implementation entail?

Vietnam is revising and developing new legislation to realise the commitments of the VPA. It will then need implement that legislation by developing new elements and building capacity to operate the system.

Several government agencies will be involved in the enforcement of the timber legality assurance system both at central and provincial levels. They include the Ministry of Agriculture and Rural Development (in charge of forests); the Ministry of Natural Resources and Environment; the Ministry of Labour, Invalids and Social Affairs; the Customs authority; and the Ministry of Industry and Trade.

VPA implementation will also require continuation of consultation with stakeholders in Vietnam, continued involvement of the EU delegation in Hanoi, external technical assistance and support, and for Vietnam to mobilise resources to implement the VNTLAS.

Before the FLEGT licensing scheme can become operational, the EU and Vietnam will undertake a joint assessment to confirm that the VNTLAS is operating as described in the VPA.

Who has oversight of the VPA? What if problems emerge?

A Vietnam-EU Joint Implementation Committee (JIC) oversees implementation of the VPA and will handle any issues as they arise.

The national process for providing feedback on implementation is outlined in the VPA as follows:

“Questions, complaints and denunciations from organisations or individuals will be received by the Verification Authority and FLEGT Licensing Authority either independently to VNFOREST or through established feedback mechanisms through the representative timber industry associations and socio-political organisations.”

“Feedback on VNTLAS implementation may go through policy dialogues and forums organised by the government, by representative industry associations, by socio-political organisations and by civil society organisations according to the laws of Viet Nam. The JIC will be regularly informed on the outcome of any policy dialogues or forums related to VNTLAS implementation.”

The VPA also states that the procedures of the independent evaluation of the VNTLAS “will specify how information received from relevant stakeholders will be recorded and utilized by the independent evaluator, notably NGOs, forest associations, enterprise, trade unions, local communities and people living in the forest areas.”

Who is the independent evaluator?

Vietnam will appoint the independent evaluator following discussions with the EU, through the Vietnam-EU Joint Implementation Committee.

Are the reports of the independent evaluator public?

Once independent evaluation starts, public summaries of the reports will be made available.

What happens when the legality assurance system fails to detect illegal timber?

If and when illegal timber is shown to have passed through Vietnam’ timber legality assurance system undetected, this will provide opportunities to strengthen the system to avoid a reoccurrence of the breach.

- The VPA is part of a holistic yet gradual improvement of forest governance in Vietnam.
- The VPA will not eliminate illegal logging overnight.
- The timber legality assurance system is adaptive and subject to continuous improvement, informed by regular reports from internal controls and evaluations, independent observers and the VPA independent evaluator.
- The EU-Vietnam Joint Implementation Committee oversees the VPA and will take remedial actions if systematic failures are identified.

4. Official documents from the EU-Vietnam VPA process

Legal basis

- Vietnam-EU VPA text and annexes [[PDF](#)]

Joint Implementation Committee meetings

- 1st meeting of the Joint Implementation Committee, summary minutes, November 2019 [[PDF English](#)] [[PDF Vietnamese](#)]
- 2nd meeting of the Joint Implementation Committee, summary minutes, June 2020 [[PDF English](#)] [[PDF Vietnamese](#)]

Joint Preparation Committee meetings

- 2nd meeting of the Joint Preparation Committee, Aide memoire, March 2019 [[PDF English](#)] [[PDF Vietnamese](#)]
- 1st meeting of the Joint Preparation Committee, Aide memoire, November 2017 [[PDF English](#)] [[PDF Vietnamese](#)]

Joint Implementation Framework

- Vietnam-EU VPA Joint Implementation Framework, December 2017 [[PDF English](#)] [[PDF Vietnamese](#)]

Joint Annual Reports

- Joint Annual Report 2019 on the implementation of the EU-Vietnam FLEGT VPA [[PDF English](#)] [[PDF Vietnamese](#)]

Other resources

- Booklet with frequently asked questions about the VPA between Vietnam and the EU, May 2020 [[PDF English](#)] [[PDF Vietnamese](#)]
- Press release following the signing of the VPA [[PDF](#)]
- European Commission — [Questions and Answers on the Vietnam-EU VPA](#)

5. Websites

- [VPA Unpacked](#): Helping you understand FLEGT Voluntary Partnership Agreements
- [EU FAO FLEGT Programme](#)

- EU FAO FLEGT / Centre for Education and Development VPA website [\[English/Vietnamese\]](#)
- [ITTO: VPA independent market monitoring](#)
- [FLEGT.org: Vietnam](#)
- [LoggingOff.info: Vietnam](#)
- [Capacity4Dev.eu: FLEGT Vietnam document repository](#)
- [Vietnam Administration of Forestry](#)