



Analysis of Timber Legality Assurance Systems and Good Practices in China and Viet Nam for Sustainable Timber Trade

(ITTO Project implemented by IGES)

CEM-CFI 57th Session

ITTC-59th

Pattaya, 13-17 November 2023

Tetra Yanuariadi

Projects Manager, ITTO



INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)



Project context

China and Viet Nam

- China and Viet Nam are globally important suppliers of timber products
- Both are timber-processing and timber-trading countries, importing timber from tropical economies to manufacture products.
 - ✓ China imports 60% of global tropical timber log trade and 63% of lumber trade in 2022
 - ✓ Annually, Viet Nam imports 5–6 million m³ of logs and sawn timber, 30–40% of which are tropical species; the remaining 60–70% are temperate species
- Household tree growers are the main actors in the supply of domestic planted timber materials, and there are a large number of small-medium-sized processors.

Difficulties and challenges for importers to engage with the legal and sustainable timber trade from China and Viet Nam



- Timber supply chains in China and Viet Nam have become more complex, with more processed and/or mixing of timber sources, using imported logs and sawn timber from other countries to produce products, creating difficulties in tracing the origin of harvest
- High-value wood species inherently involve the risk of illegal logging due to high economic interests
- It has yet to be well reported which products imported species were used in China and Viet Nam and where they were consumed.
- Recently, the legal frameworks concerning timber legality in China and Viet Nam have been updated. For importers, it is still difficult to understand legal frameworks of other economies



There is a risk that this lack of information and knowledge could be a barrier for importers' commitments to engage with the trade of legal and sustainable timber and timber products



Project objectives and expected outcomes

Development objective

- To contribute to enhancing importers' commitment to the trade of legal and sustainable timber and timber products

Specific objective

- Systematically analyse existing legality assurance systems/equivalent schemes and good practices in China and Viet Nam to support importers for the legal and sustainable timber trade

Expected Outcomes:

- The project ensures that the results will be practical and beneficial for timber importers to confirm the legality of imported timber and timber products sourced from China and Viet Nam countries and to address the sustainability in the supply chains
- It is expected that the quality and availability of information is increased, contributing to resolving the challenges for timber importers to ensure the legality and sustainability of timber and timber products sourced from China and Viet Nam
- Increase the number of Japanese importers with a better understanding on how to ensure and verify the legality and sustainability of timber and timber products from China and Viet Nam

Project outputs and implemented activities

Output 1.

Identify interests, needs, and challenges for importers

- Conducted key informant interviews, including 2 Japanese industry association
- Conducted semi-structured interview with 19 Japanese companies

Output 2.

Analyze existing timber legality assurance systems or equivalents schemes in the target countries.

- Studied the structure of forestry and forest products industries and major timber supply chains in the target economies
- Developed an assessment framework
- Conducted a questionnaire/interview in China and Viet Nam
- Conducted field

Output 3.

Collect and review good practices of upstream and downstream operators in the target countries.

- Established review criteria to collect and review the good practice
- Conducted questionnaire and interview surveys with industry associations and operators in China and Viet Nam
- Conducted Field observation in Viet

Output 4.

Regional collaboration, information sharing and knowledge management are strengthened

- Disseminated the project's results by producing technical reports, summaries for business, public seminars and etc.

Project results

- Completed studies in China and Viet Nam and produced **4 technical reports**:
 - ✓ Legislation and other initiatives for legal timber trade in China
 - ✓ Status of Timber Legality Verification by Business Entities in China
 - ✓ Viet Nam's timber exports to Japan during 2018–2021 with a focus on products made using imported high-risk species
 - ✓ Viet Nam's plantation timber supply chain: good practices to promote legal and sustainable timber products
- Produced 2 **Summaries for business entities of technical reports**
- Held 1 Public seminar: 210 people attended (mostly business entities) from 15 economies



Technical report: Legislation and other initiatives for legal timber trade in China

Regulations on the handling of illegally harvested timber in China and their enforcement status were investigated through desk reviews and interviews with relevant experts (government, industrial organization and NGO).

Key findings

- Forest Act of China was revised in 2019 and was taken effect in 2020. Article 65 of the act amended to prohibit to purchase, process, and transport of wood in full awareness of their illegal origins such as illegal felling or wanton deforestation. Penalties for violation of Article 65 were also added as the Article 78.
- Implementing regulations of the act have not yet been published. However, law enforcement under the Article 65 has already been taken with administrative discretions in some provinces (e.g. Henan Province, Zhejiang Province).

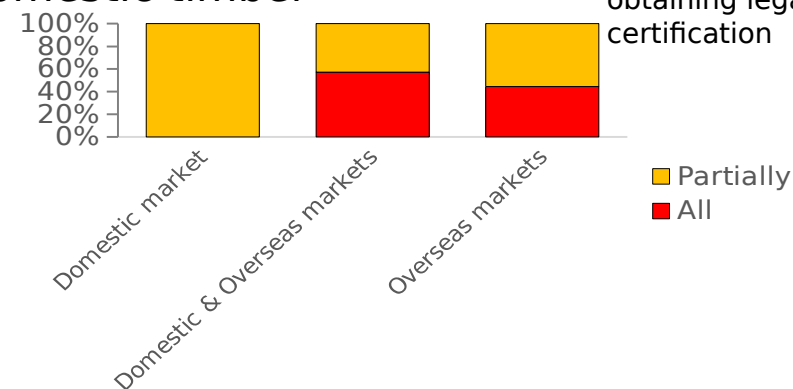
Technical report: Status of Timber Legality Verification by Business Entities in China

Imported timber

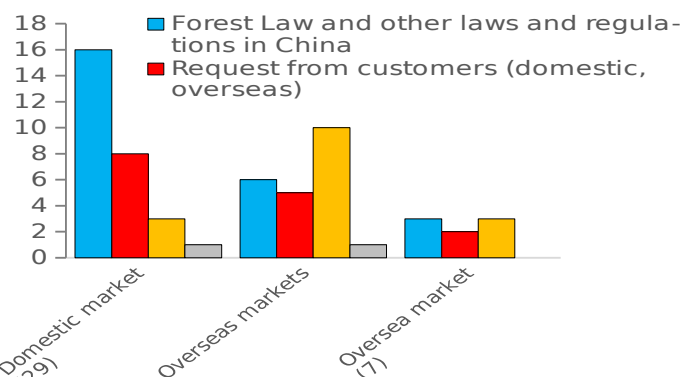


Proportion of procurement volume businesses obtaining legality certification

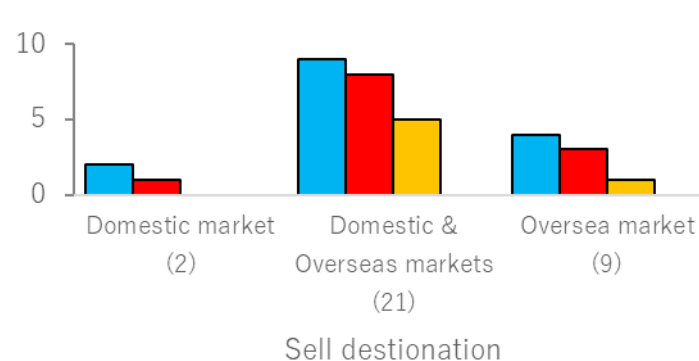
Domestic timber



Imported timber (51 businesses)



Domestic timber (33 businesses)



Proportions of businesses that obtained legality certification for all/part of their procurement volume

We interviewed 72 timber-related business entities in China to understand their perceptions and practices regarding the handling of illegally harvested timber.

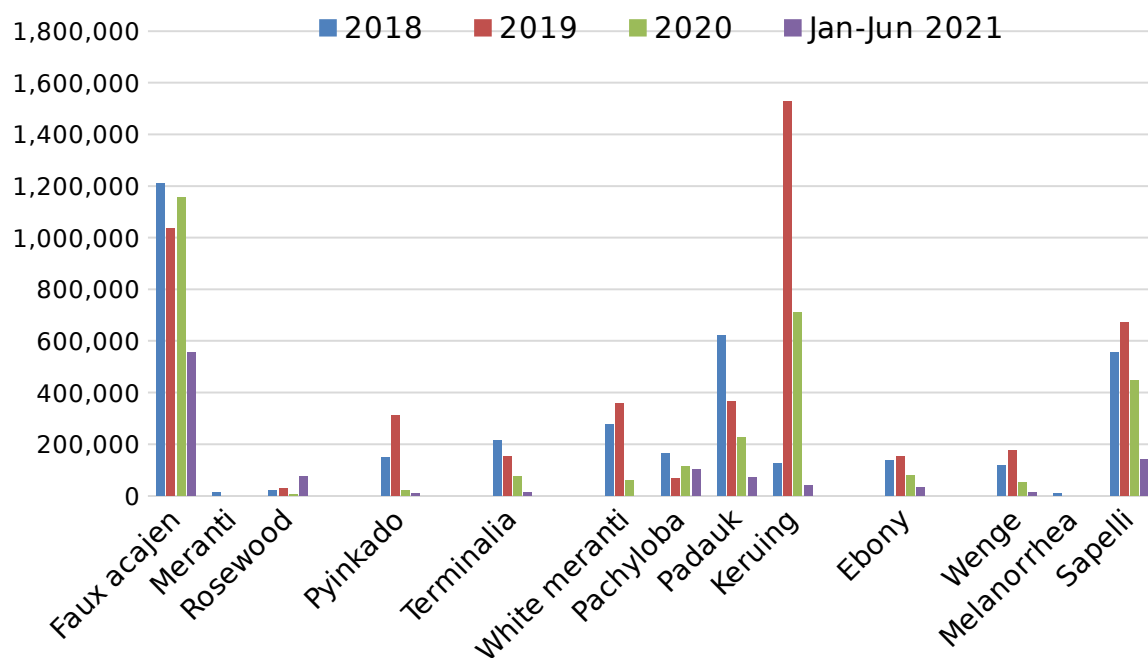
Key findings

- Most of businesses are aware of their responsibility to verify legality of procured timber, regardless of whether it is imported or domestically produced and whether it will be sold domestically or overseas.
 - The largest number of businesses cited the revised Forest Law and other laws and regulations in China as the reason for confirming legality.
- Wood product importers from China can negotiate with their suppliers based on the assumption that they are obligated not to handle illegally logged

Technical report: Viet Nam's timber exports to Japan during 2018-2021 with a focus on products made using imported high-risk species



Following the risk criteria of the Viet Nam Decree 102 and based on customs data and interview survey, the study identified the value of products containing high-risk species exported from Viet Nam to Japan from January 2018-June 2021, and provided insights to promote the trade of legally harvested timber and timber products



Value (USD) of the products containing high-risk species exported to Japan, January 2018-June 2021

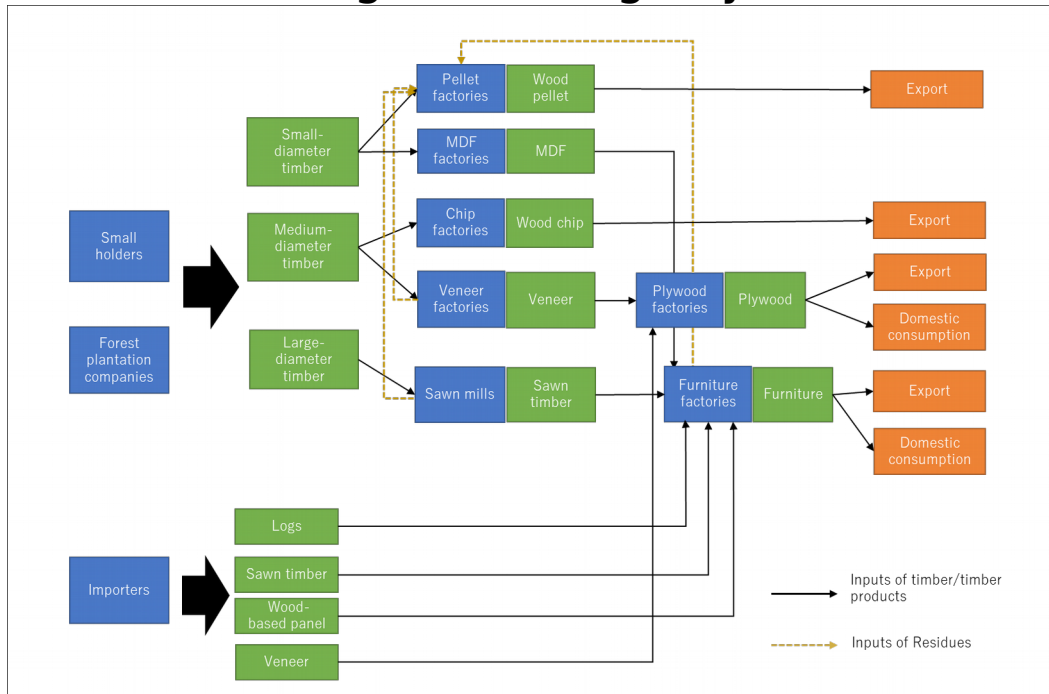
key findings

- Importer high-risk species made in the products exported to Japan were small in value: 0.3% (2018), 0.4% (2019), 0.2% (2020), and 0.2% (January-June 2021).
- Importer high-risk species were found in almost all HS types of timber products except for wood chips, pellets, and plywood. However, some products may use tropical hardwood species for the face/back of plywood, without a declaration
- Customs data helps identify species contained in traded timber products, thereby could provide a valuable basis for government authorities in importing countries for more efficient risk-based management of timber import.

Technical report: Viet Nam's plantation timber supply chain: good practices to promote legal and sustainable Timber products



Focusing on the domestic plantation timber supply chain and based on a semi-structured interview survey, the study discusses forestry cooperatives and measures taken by downstream processing companies, which support demonstrating timber legality and/or traceability of the timber supply chains.



key findings

- The cooperative model has the potential to help ensure and verify the legality of timber production and the supply chain: Its organizational procedure helps guarantee legal timber production by member households and monitor and report forestry activities. Also, the cooperatives' operation transforms the supply chain collective and more traceable.
- There are different measures taken by downstream processing companies. These include not only the application of forest certification, also strengthened linkage with timber producers and other supply chain actors, checks and control of supply chain documents, and engagement in forest management

Happiness grows from a tree!



<http://www.youtube.com/user/ittosfm>



@itto_sfm



itto_sfm



International Tropical Timber Organization

