

## Vietnam – ITTO cooperation project PD 922/21 Rev.1 (I) **Promotion of Sustainable Domestic Wood Consumption in Vietnam**

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VIETNAM – ITTO COOPERATION PROJECT PD 922/21 REV.1 (I) PROMOTION OF SUSTAINABLE DOMESTIC WOOD CONSUMPTION IN VIETNAM (PD 922/21 REV.1 (I))

- Project duration: 2 years, started from November 2021
- Project inputs: US\$ 361,100, including:
- ITTO: US\$ 339,500 (grant fund from Japanese Government)
- VIFOREST: US\$ 21,600
- Implementing agency: VIFOREST

Vietnam – ITTO cooperation project PD 922/21 Rev.1 (I) Promotion of Sustainable Domestic Wood Consumption in Vietnam (PD 922/21 Rev.1 (I))

Justification

- Impressive growth of W&WP exports, VN becoming amongst top WP producer exporters, but local market covering nearly 100 million people left un-attended.
- VN Government pledged to be emission neutral by 2050, and SWU is expected to contribute to green development and emission reduction.
- During and post-pandemic time and with global market becoming more un-predicted and full of uncertainties, local market may play an extremely important role in maintaining sustainable growth of the sector and supporting livelihood of local people.
- <u>Objective:</u> Enhanced and diversified domestic consumption and promoted local markets of wood & wood products

• <u>Outputs:</u> Output 1: Improved policy framework to drive domestic consumption of wood and wood products

Output 2: Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption

#### **Project designing**

Sustainable domestic wood consumption promoted

Policy framework improvement (Review existing policy & recommend improvements)

Strengthened capacity to produce W&WPs to meet local market demand



## Policy improvements

- 1. Overview of existing policy framework affecting SWC in domestic market.
- 2. Review policies applied in selected countries to promote SWU and potential introduction/application in Vietnam (Japan and selected ASEAN countries, including Indonesia, Malaysia and Thailand).
- 3. Policy/strategy recommendations to relevant Government agencies, with special attention to promotion of biomass fuel/energy, larger-sized timber production, linking lead companies and plantation farmers for forest certification and VNTLAS compliance.
- 4. Supporting wood-industry villages/micro businesses to shift to effective use of planted wood.



Strengthening capacity to produce W&WPs to meet local market demands

- 1. Wood-industry villagers (WIV)/micro processors and traders/importers:
  - Trainings on DD practice with special attention to CITES listed and high-risk wood species imported from tropical sources;
  - Connecting importers with suppliers for legality assurance;
  - Training on designing and marketing of WPs using internet applications;
  - Facilitating set-up and effective operation of wood-industry village associations;
  - Promoting cooperation between WIVs and lead companies, getting WIVs and micro businesses to get access to trade fair



**2.** Plantation households/forest farmer co-ops:



Linking lead companies and forest farmer co-ops for FSC/PEFC/VFCS certification and certified wood marketing;



Training on VNTLAS compliance and DD practice;



Advocation for larger-sized timber production and value added wood industry;



# 3. Supporting design improvement and training young designers/architects:

- Festival of students from civil construction/architecture universities;
- Wood product designing contest;
- Demonstration wooden house in MUCE;
- Supporting researchers/trainers in promoting wood use.



## 5. Wood processing and trading companies

- DD practice/trade protection trainings and VNTLAS compliance;
- Linking with plantation farmers/co-ops and WIVs for sustainable sourcing of legally harvested/imported wood;
- Marketing WPs through trade fairs, with attention to domestic customers;
- Better connected with overseas suppliers to assure timber legality.

#### 4. Policy makers

- Reviewing legal framework affecting local W&WP markets;
- Providing reports on policy application in selected countries;
- Facilitating dialogue with WIV associations, micro businesses, traders...;
- Recommendations on policy/policy tool improvements;
- Facilitating dialogues between operators, researchers/trainers and Government agencies;
- Facilitating meetings/discussions with sourcing countries;
- Updating global/regional processes and initiatives toward SFM and responsible wood industry development.



#### Output 1:

Improved policy framework to enhance sustainable domestic consumption of wood and wood products



Activity 1.2: Overview of policies on promoting W&WP domestic market (desk studies and surveys of selected provinces and arrange workshops to collect feedbacks) to produce policy recommendations.

Output 1: Improved policy framework to drive domestic consumption of wood and wood products Indicators

- □ June 2022, Project contracted with Dr Hoang Lien Son, Director of FEREC for reviewing the Vietnamese policy framework effecting domestic consumption of wood and wooden products.
- July 2022, Project posted publication of Dr Hoang Lien Son on Tropical Timber Market Report Vulume 26 Number 13 1st – 15th July 2022.

#### **Tropical Timber Market Report**

Volume 26 Number 13 1st – 15th July 2022



The ITTO *Tropical Timber Market (TTM) Report*, an output of the ITTO Market Information Service (MIS), is published in English every two weeks with the aim of improving transparency in the international tropical timber market. Its contents do not necessarily reflect the views or policies of ITTO. News may be reprinted provided that the ITTO *TTM Report* is credited. A copy of the publication should be sent to ti@itto.int.

A special contribution from Dr. Hoang Lien Son, Director of the Forest Economics Research Centre, Vietnamese Academy of Forest Science However, the share of locally sourced wood has been gradually taking over the imports. The imports contributed 70% of raw material input used in Vietnam's wood industry in 2010, the rest of 30% was covered by imports.

Activity 1.2: Overview of policies on promoting domestic W&WP market (desk studies and surveys of selected provinces and arrange workshops to collect feedbacks) to produce policy recommendations.

General situation of locally sourced wood:



- The raw material supply to meet local demand relies on around 3.0 millions ha of commercial plantations maintained by 1 million farmer households. The average annual cutting/replanting area is 230,000 ha with cutting cycle 5 7 years. Annual harvest 35 40 million M3. Plantation yield varies between 20 30 m3/year.
- Plantation yield has arrived at maximum level, higher yield can not be expected unless GMO applied.
- Annual imports 7 9 million M3/year, round log equivalent. Popular hard/soft wood from low-risk sources is abundant. Tropical hardwood to meet local consumption, however, becomes scarce and with high risk of legality asuarence.
- Households are the main stakeholder group who supply locally sourced wood and are also the main actor in driving domestic market of raw wood materials.
- Imported timber is under strict control in accordance with VNTLAS.
  Sustainable forest management, timber traceability and TLAS compliance regarding locally sourced timber is key to succeed with VNTLAS.

Output 1: Improved policy framework to drive domestic consumption of wood and wood products Indicators:







Cabinet



Project is supporting MARD to hold National Forum on Woodindustry Villages and Sustainable Wooden Consumption.

Output 1: Improved policy framework to drive domestic consumption of wood and wood products Indicators



Wooden statue



Bedroom Furniture



Wooden painting

Worship

Wooden vases

Activity 1.3: Preparation of decision/decree to promote domestic consumption of wood and wood products and consultations with relevant stakeholder groups

Output 1: Improved policy framework to drive domestic consumption of wood and wood products Indicators Project contributes to implement Vietnam's renewable energy development strategy to 2030, vision to 2050:

- Prioritize the use of biomass for power generation: Increase the rate of using waste of industrial and agricultural crops for energy purpose from about 45% in 2015 to 50% in 2020, about 60% in 2030 and about 70% in 2050.
- □ National demand for biomass energy in 2030 and 2050:



2050 362,5 millon tons 85 billion kw



Project supports various national seminars/workshops on sustainable supply chains and linking lead companies with plantation households/plantation cooperatives to promote larger timber production.



Prof. Tran Quang Bao – Director of Forestry Department delivering speech at dialogues on 9 August 2023 in Binh Province

Project supports VIFOREST to engage proactively in formulation of the National Strategy for Sustainable and Efficient Development of Wood Industry 2021-2030. The major elements of the Strategy are:



- Prioritizing wood product groups Vietnam possesses competitive advantages to gain added value and meet the high and stable demand in the market. Wooden indoor furniture (tables, chairs, beds, cabinets, kitchens, decorative tables, shelves, bookshelves...), outdoor furniture (swing chairs, slides, parasols..), wood-based panels, fine art wooden furniture, wood pellet are of priorities.
- Further promotion of wood product consumption in the domestic market and in major export markets, including US, Japan, Korea, EU, China, and approach minor potential export markets to diversify wood product consumption.
- Develop Intensive plantation forest, improve plantation productivity and timber quality, meeting 80% or more of the demand for wood materials for Vietnam's wood industries; 95% of forest plant varieties will be managed and controlled for ensuring timber qualities and origin;

Promote links between wood processing enterprises and forest owners, develop concentrated areas for producing



2025 and 30 m3/ha/year by 2030. Effectively implement mechanisms and policies to support and encourage investment in establishment of large

large-size timber forests; increase productivity and quality of planted forests to an average yield of 25 m3/ha/year by

timber forests associated with sustainable forest management and forest certification.





#### PROMOTING SUSTAINABLE FOREST MANAGEMENT

Support VIFOREST to participate proactively in preparation of MARD instruction to expand area of certified forests to achieve the goal of 100% wood products made of certified timber by 2030. Two certification schemes VACS/ PEFC ST 1003:2019 and FSC are largely promoted.

Project worked with TH VIFOREST to investigate the potential of paulownia plantation (cây hông) development in Thanh Hoa Province.

Output 1: Improved policy framework to drive domestic consumption of wood and wood products Indicators



Nursury and plantation of paulownia tree in Thanh Hoa Province.

Households are expected to get higher benefits from large-size timber forest plantation. Getting more money from bigger-sized wood, carbon credits, and PFES





150 USD/ton – veneer sheet

 $65 \text{ USD/ton} - eucalyptus logs}$ 



Dr. Tetra Yanuariadi, ITTO projects manager visiting two-year eucalyptus plantation in Bac Giang Province

Output 1: Improved policy framework to drive domestic consumption of wood and wood products Indicators



Support Japan's Ministry of Internal Affairs to work with selected stakeholders to discuss the potential application of plant growth monitoring technology for improving acacia seedings in Vietnam.

Project worked with Nghe An Wood Processing and Non-Forest Product Association (NAFOREST) to support the promotion and application of advanced seedlings production technologies.



Output 1: Improved policy framework to drive domestic consumption of wood and wood products Indicators



Project received The Timber Exporters' Association of Malaysia (MTC) and supported the signing of MoU to promote timber tarde between Vietnam and Malaysia.







MoU signing by VIFOREST, DOWA, HAWA and MTC in Hochiminh City

Output 1: Improved policy framework to drive domestic consumption of wood and wood products Indicators Project collaborated with BIFA and VNFOREST to hold exposure visit to Minh Duong Furniture Co,Ltd. Participants exchanged knowledge on supply chain management and trading.







#### Output 2:

Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption



architecture students

Output 2: Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption

 bile production trained

 HS, Bil production

 Production trained

 Construction

 Construction



Project and MUCE co-holding seminar on Job Opportunities and Career Development for

Building wooden house at the campaign of MUCE for students/young architectsdesigners

Output 2: Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption





Output 2: Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption Design Contest: "Tropical hardwood in architecture and interiors" attracting students from various architectural/civil construction universities across the Vietnam



Project Coordinator and Prof. Ly Tuan Truong, Director of WIC, meeting to prepare for Wood Design Contest



Meetings with students to launch the Design Contest









Encouraging students of Hanoi Architectural University to participate in the Contest

Activity 2.2: Introducing innovative techniques and technologies for bio-energy development

Output 2: Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption

- Surveys on biomass use in domestic market
- Communications on national TV on the potential of using wood pellet for cofiring at power plants and for cooking/drying agro-products
- The Project Coordinator delivered presentation at the national conference on co-firing (fossil and biomass/wood pellet) at Ninh Binh Thermal Power Plant



Activity 2.2: Introducing innovative techniques and technologies for bio-energy development





Introduction of firewood gasification for tea drying (higher heating efficiency, fewer labor cost, saving 1/3 biomass/firewood, non smoke and less ash).

Output 2: Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption

Promoting partnership between plantation farmers and lead companies for forest certification/TLAS and larger-sized timber production





Support trade fairs of furniture and wooden interior appliances and facilitate wood industry villagers to participate in the fairs



Project Coordinator delivering speech at the opening ceremony of the Trade Fair 2022

Output 2: Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption



- Supporting wood villages to get access to trade fairs (offline and online).
- Providing guidance for micro businesses to prepare and upload videos on Youtube and Facebook to market their products.
- Supporting VIFOREST prepare for the National Forum on Sustainable Wood Village Development.

Mr. Nguyen Tien Luc, Vice Director of Forestry Department worked with wood villages to discuss challenges and potential application of improved policies to promote sustainable development for wood villages

Supporting Trade Fair Export-targeted Furniture back to Local Buyers.

Output 2: Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption



Trade Fair in 2023

#### Activity 2.3: Facilitating Delegation of Japanese Wood Product Export Association to visit the Trade Fair

Output 2: Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption



Proactive participation in Woodworking Machinery Trade Fair in Binh Duong Province. This Trade Fair shows advanced woodworking technologies and machines.





Project Showroom at the Trade Fair

Activity 2.3.4: Arrange B2B matching meeting for selected Japanese and Vietnamese companies

Support Japan Wood Export Association to conduct B2B meetings between Japanese and Vietnamese companies at Vietbuid Fair 2023. Japanese hinoki/sugi products are introduced to Vietnamese visitors.



B2B meetings between Japaneses companies and Vietnamses companies at Vietbuild Fair 2023

#### Activity 2.3.4: Arrange B2B matching meeting for selected Japanese and Vietnamese companies

Exposure visits for Japanese companies to share knowledge and experience in sustainable wood use promotion.



Delegation visited the hinoki/sugi timber house in Hanoi and acacia/eucalyptus products in wood villages nearby Hai Phong and woodchips/wood pellet factories in Quang Ninh Province. Activity 2.3.4: Arrange B2B matching meeting for selected Japanese and Vietnamese companies

Projecting exposure visits for Japan Wood Export Association in Thanh Hoa and Nghe An provinces.



Field visits in Thanh Hoa, Dong Tam and Lam Thanh Hung Wood Companies.

Activity 2.4: Upgrade capacity to comply legality requirements and forest law enforcement

Output 2: Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption Coordination with BIFA, DOWA, HAWA to hold training courses on DD for operators from Ho Chi Minh City, Dong Nai Province and Da Nang City

- 300 participants/enterprises trained
- 80 wood-industry households (micro wood processors acquainted with DD practice)



Activity 2.4: Upgrade capacity to comply with legality requirements and forest law enforcement



Supporting the preparation of the Circular on wood product management and tresiblity. Wood imported from countries of non-active geographic areas and of high-risk species to be QR Coded for traceability



Activity 2.4: Building up capacity to comply with legality requirements and forest law enforcement

Project guiding Ghana delegation (Government officers, representatives of associations & private sector) to meet with VIFOREST, HAWA, BIFA and visit Vietnamese wood processing and trading companies. Ghana delegates exchanged and learnt experience on due diligence practice, VPA/FLEGT implementation in Vietnam and Ghana as VPA engaging countries. Vietnam concluded VPA/FLEGT with EU in 2018 and started applying VPA regulations on wood imports from 31 Oct 2020, while VPA/FLEGT licensing become operational in Ghana from Sept 2023. Ghana is one of tropical hardwood suppliers for Vietnam.



Officials of VN Forestry Department receives Ghana deligation Leaders of BIFA and HAWA receives Ghana deligation in Ho Chi Minh City and at office of MARD Binh Dương Province

Activity 2.4: Upgrade capacity to comply legality requirements and forest law enforcement

Communication for legality requirement/FLEGT lisencing

Output 2: Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption



VIFOREST showroom at VPA/FLEGT workshop on 27&28 Oct 2022 in Binh Duong Province



VIFOREST hotline "VNTLAS Q&A"

Activity 2.4: Upgrade capacity to comply legality requirements and forest law enforcement

Communication on legality requirement/ FLEGT lisencing

Output 2: Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption



TV show for wood trade and VPA-FLEGT





TV show for due diligence and trade defense

#### **Findings and Preliminary Lessions Learnt**

- 1 In the context of Vietnam with dynamic processes toward sustainable wood industry development, interventions to promote domestic wood consumption relate to a large range of activities covering the supply chain of W&WPs.
- 2

To promote domestic wood consumption, Project should provide wood companies with knowledge of business governance/digital measures/software application to manage their supply chain rather than legal requirements and DD practice, alone.

To raise awareness on SWU, Project should make full use of mass media means including
 TVs, newspapers and online appliances including YouTube, Facebook etc. to communicate with various stakeholder groups, especially with small householders/ micro business.



Technical cooperation projects with limited resources to support policy framework can play catalyst role to facilitate and integrate efforts of various locally or international initiatives/processes towards sustainable wood use and promotion of domestic wood consumption.