Viet Nam's Timber Exports to Japan:

Analysis of Products Made Using Imported High-Risk Species during 2018–2021

ITTO Project PP-A/56-342B

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

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Front-cover photos

Timber and timber products in Viet Nam. All photos by Taiji Fujisaki, IGES and Phuc Xuan To, Forest Trends

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Acronyms

AILPA	Australian Illegal Logging Prohibition Act
CITES	The Convention on International Trade in Endangered Species of Wild Fauna and Flora
EU	European Union
FDI	Foreign direct investment
FLEGT	Forest Law Enforcement, Governance and Trade
FSC	Forest Stewardship Council
HS	Harmonized Commodity Description and Coding Systems
MARD	Ministry of Agriculture and Rural Development
MDF	medium density fiberboard
MLH	Mixed Light Hardwood
NGO	non-governmental organization
PNG	Papua New Guinea
RWE	roundwood equivalent
TLAS	Timber Legality Assurance System
US	United States of America
USTR	United States Trade Representative
VIFOREST	Vietnam Timber and Forest Product Association
VNTLAS	Vietnam Timber Legality Assurance System
VPA	Voluntary Partnership Agreement

Abstract

Vietnam plays an important role in the global timber supply chain. The country now ranks second in Asia and fifth globally in timber product export value. At present, Vietnam supplies timber products to over 140 countries and territories. At the same time, Vietnam relies on imported raw materials from a large number of sources. Imports of logs and sawn timber have substantially contributed to the development and expansion of Vietnam's timber industry. Annually, Vietnam imports 5–6 million m3 of logs and sawn timber, 30–40% of which are tropical species, and the remaining 60–70% are temperate species. An important strategy to facilitate trade in legally and sustainably produced timber is for importers to gather information about the timber concerned, assess the risks, and reduce them where necessary (due diligence). On the other hand, for businesses importing timber products from countries like Vietnam that import raw timber materials from several other countries, including tropical ones, process them, and export products, it is difficult to identify timber species and the country of harvest, which poses a challenge in conducting due diligence due to the complexity of the supply chain and leads to concerns about associated risks in timber legality.

Recently, the Vietnam government has made substantial efforts to establish timber legal frameworks to exclude illegal timber from all supply chains. These efforts include the development of criteria for risk identification and due diligence requirements for Vietnamese importers. Ongoing efforts include the enterprise classification system and its criteria for implementing Decree 102.

This report aims to promote legal timber trade by identifying the high-risk species in timber products exported from Vietnam and by generating recommendations for stakeholders in import countries. With this objective, the report focuses on timber exports from Vietnam to Japan as a case study. Using the criteria stipulated in the Vietnamese legal framework (Decree 102 and subsequent circulars), the level of risk was identified based on (i) the detailed examination of the Vietnam customs trade data concerning timber products exported from Vietnam to Japan from January 2018 to June 2021; (ii) the insights derived from key respondent interviews; and (iii) the questionnaire survey completed by Vietnamese timber importers concerning the due diligence. Specifically, the report explores trade data and high-risk species and assesses the level of risk associated with particular product groups exported to Japan.

In this study, products are considered to be high-risk when Vietnamese exporters use imported timber species classified as high-risk timber under Decree 102. Under this decree, high-risk timber is defined considering the source countries and timber species. This research highlights some key findings concerning the use of high-risk species in the timber products exported to Japan:

- Importer high-risk species made in the products exported to Japan were small in value and had been reducing. The share of timber products made from imported high-risk timber showed a slight downward trend of 0.3% (2018), 0.4% (2019), 0.2% (2020), and 0.2%

(January-June 2021). In addition, the number of high-risk tree species used in products has decreased, from 13 in 2018 to 11 in 2019 and 2020 and 10 in the first half of 2021.

- Among the high-risk species used in products, keruing (*Dipterocarpus* spp.), Faux acajen (*Khaya senegalensis*), padauk (*Pterocarpus* spp.), sapelli (*Entandrophragma* spp.), and white seraya (*Parashorea* spp.) were the most common. These species were imported to Vietnam from Cambodia, Laos, and African countries.
- The use of high-risk species varied among the product groups. In value terms, sawn timber shows the highest percentage of risk species used, at 11.9%. However, the export volume was insignificant, and no risk species were found in 2020 and 2021. High-risk species were also identified in the products of flooring (HS 4409), packing (HS 4415), joinery (HS 4418), tableware (HS4419), marquetry (HS 4420), and other articles of wood (HS 4421) at a rate between 1% and 5% in terms of value. High-risk species were also found in the products that use wood-based panels as key materials (e.g., office furniture, kitchen furniture, bedroom furniture). However, the likelihood of high-risk species being used in these products was very low. High-risk species were not found in a wood chips, pellets, and plywood. However, some products may use tropical hardwood species for the face/back of plywood, without declaration.

Also, it should be noted that only two years have passed since the enactment of Decree 102, and the due diligence concept and practice are still at an early stage in Vietnam. The interview and questionnaire survey suggest that due diligence by Vietnamese importers and/or information flow along the supply chain actors is not fully implemented.

Based on the results of this study of the Vietnamese legal framework for risk timber and the export profile to Japan, the following points are considered important to evaluate the legality of timber products imported from Vietnam. Although timber exports from Vietnam vary in volume and product type depending on the destination country, and may also differ in terms of the timber species used in the products, the recommendations based on the findings of this study are applicable to all countries importing timber products from Vietnam.

- Evaluate the illegal risk of timber imported from Vietnam by the source of timber (i.e., domestic plantation timber or imported timber). It is important to know the species used in the product and distinguish whether the species is Vietnam's plantation timber or imported.
- Be familiar with the high-risk species identified under Vietnam's Decree 102. If imported wood is used, determine the species and country of origin. Then, refer to the risk criteria and published lists to verify if the imported wood products use species that are high risk under Vietnam's Decree 102.
- If imported products contain high-risk species as defined by Decree 102, ask the supplier to obtain and share a copy of Form 3 (Declaration of origin of imported timber) of Decree 102. It provides information on the importer and supplier of the imported high-risk timber in question and what document was used to demonstrate the legality. Therefore, the copy can

be regarded as proof of due diligence of imported high-risk timber when imported to Vietnam, which helps evaluate the risks of high-risk species used in the given products.

- Need to understand that the Vietnamese legal frameworks may include different risk understanding and criteria from importing countries. Accordingly, there would be occasions in which importers need to evaluate the risks following criteria set in importing countries, using information included in Form 3 and the documentation used for import into Vietnam.
- Check whether their Vietnamese suppliers are classified as Category I or II enterprises according to the Vietnam government classification system. This is a part of the risk evaluation of their supply chains. It is noted that the Vietnamese enterprise classification list is ongoing and not yet complete.
- When high-risk species are included in imported wood products, the understanding and cooperation of suppliers is critical to obtain the necessary information for the risk assessment.

1. Introduction

Vietnam's timber sector is export-oriented and on the rise. In 2021 the country derived over $14.7 billion US from exports of timber products (Ministry of Agriculture and Rural Development, or MARD 2021). Vietnam ranks the second in Asia and the fifth globally in timber product export revenues (MARD, 2021b). Timber products from Vietnam are exported to over 140 countries and territories, with the United States of America (US) being the largest market accounting for over 60% of Vietnam's total export revenue, followed by Japan (10.6%), China (10.1%), the EU (4.5%) and the Republic of Korea (6.8%) (To et al. 2021a). Revenue from these five markets combined accounts for 90% of Vietnam's total timber product export revenue. Furniture, seats, wood chips, plywood, and wood pellets are the major product groups exported from Vietnam. Revenue from these five major groups makes up 95% of the total export value derived from all exported products (ibid.). In 2018 Japan took over China, becoming Vietnam's second-largest export market, and has remained in this position since then. In 2020 Vietnam derived nearly $1.3 billion US from the Japanese market. Wood chips, furniture, and wood pellets were the major products exported to Japan, together accounting for approximately 75% of the total export revenue derived from this market (ibid.). Vietnam's timber product exports to Japan grow at about 10% annually.

In recent years all major markets have witnessed emerging legality requirements for timber products. In 2003 the European Union (EU) started the Forest Law Enforcement Governance and Trade (FLEGT) Action Plan with the aim to address illegal logging through the development of mechanisms to exclude illegal timber from the EU markets. These mechanisms were established through negotiations on a Voluntary Partnership Agreement (VPA) between the EU and the governments of the countries exporting timber products to the EU (the latter called FLEGT partner countries). Through a definition of timber legality agreed upon by the two sides, and the development of a Timber Legality Assurance System (TLAS), the VPA embracing these elements ensures the legality of timber products along entire supply chains. In the US, the Lacey Act makes it a criminal offense to place illegal timber products on the US market. Importers bringing timber products into the US are asked to perform due care to ensure that the legality risk associated with products is negligible and minimized. The Australian Illegal Logging Prohibition Act (AILPA) commenced in 2012 and bans illegally logged timber. The Japanese government implemented the Clean Wood Act in 2017 which aims to ensure domestic and imported timber products are legal. These are some of the key emerging legality frameworks being adopted in major markets. While the standards and procedures required for controlling the legality of timber import/export vary, the critical common focal point of the global legality frameworks is that importers must evaluate legality risks and be accountable for the legality of imported timber products.

As it is heavily reliant on export markets, Vietnam's timber sector has to comply with their legality requirements. The Vietnamese government entered into negotiations with the EU on a VPA in 2012. After six years of negotiation, the two sides signed a VPA in 2018; the VPA came into force in 2019. Controlling the legality of timber products along supply chains lies at the heart of the

signed VPA. Under the VPA, legality requirements for export products are identical to those for domestic consumption. Since the VPA came into force, Vietnam has been translating commitments in the VPA into domestic legislations. Specifically, the government issued Decree 102/NĐ-CP in September 2020 on the Regulation of the Timber Legality Assurance System (hereafter Decree 102). Decree 102 provides guidance on the framework for legality requirements, competent authorities, procedures and processes concerning timber imports, processing and domestic consumption, and timber exports. In particular, concerning timber imports, the Decree specifies risk criteria regarding country of origin and species and requires importers to conduct due diligence using a prescribed form. According to the risk criteria of the Decree, high risk basically refers to timber imported from tropical countries (e.g., Laos, Cambodia, Africa) and species listed in the CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) Appendix or species being imported into Vietnam for the first time.

Imports of logs and sawn timber play a vital role in the expansion of Vietnam's timber sector. The country has an active logging ban on natural forests. Domestic plantation timber, prominently acacia, has been expanding, supplying over 20 million m^3 in 2020 (the government of Vietnam, 2021). Approximately 70–80% of timber from this source is small and used mainly for wood chips and wood pellets for export. Vietnam produces 4–5 million m^3 of rubber wood annually. This, together with timber from plantations, is not enough to feed the country's expanding wood-hungry sector. Also, export and domestic markets require more diversity of timber species than just acacia and rubber wood that is available domestically. In this context, the country has to rely on timber imports. In particular, the annual import of logs and sawn wood is large, at about 5–6 million m^3 Round Wood Equivalent (RWE) (To et al 2021a), 30–40% of which is tropical timber that is considered as high-risk in terms of legality.

While Vietnam has been implementing the VPA, imports of large volumes of tropical hardwoods that are considered high-risk in terms of legality have continued, which has triggered reputational damage to the country. International non-government organizations (NGOs) have repeatedly accused Vietnam of importing illegal timber from Cambodia and Laos, and recently from Africa (EIA, 2017; EIA and CED, 2020), for domestic and export purposes. This triggered the United States Trade Representative (USTR) to launch an investigation into Vietnam's timber sector in October 2020. In October 2021, the USTR completed their investigation. Though the US did not introduce tariffs on timber products exported to the US from Vietnam, they requested Vietnam to commit to stepping up the mechanisms for controlling the legality of timber in domestic and export supply chains[1].

As Vietnam's timber products exported to Japan are substantial, there may exist legality risk in some products exported to Japan. Prior to this study, 15 Japanese businesses that procure timber products produced in Vietnam were interviewed to understand their perceptions about the timber legality of Vietnamese products. These interviews were also conducted to understand the

[1] The detailed commitments are found in the Agreement at: https://ustr.gov/sites/default/files/files/Vietnam%20Timber/VN%20Timber%20Agreement%20Text%20(9-30-21).pdf

challenges in ensuring the legality of imported timber products from Vietnam, which serves as a basis for this study. Among them, eight answered that they import or may have imported products made from imported timber and six companies expressed their concerns that 'they do not know the origin of timber species in the products', 'they do not know how the imported high-risk timber species are used in Vietnam or where they are consumed 'or 'it is difficult to check the legality of products made from imported timber'.

This report examines the products exported to Japan that are manufactured from high-risk species. Products are considered to be high-risk when Vietnamese exporters use imported timber species classified as high-risk timber under Decree 102. Under this decree, high-risk timber is defined considering the source countries, and/or timber species. The Methodology section below presents a detailed description of what constitutes high-risk timber under Decree 102. Other types of risk may be associated with the products exported to Japan, for example, when exporters use fraudulent documents for verifying and/or certifying the legality of the products. However, these kinds of risks go beyond the scope of this report, following the criteria set by Decree 102..

This report aims to promote legal timber trade by identifying the high-risk species in timber products exported from Vietnam and by generating recommendations for stakeholders in import countries. With this objective, the report focuses on timber exports from Vietnam to Japan as a case study. Using the criteria stipulated in the Vietnamese legal framework (Decree 102 and subsequent circulars), the level of risk was identified based on (i) our detailed examination of the Vietnam customs trade data concerning timber products exported from Vietnam to Japan; (ii) the insights derived from key respondent interviews; and (iii) a questionnaire survey completed by Vietnamese timber companies. Specifically, the report explores trade data and high-risk species and assesses the level of risk associated with particular product groups exported to Japan.

Section 2 describes the methodology adopted for data collection, risk identification, and assessment. Section 3 provides a background of Vietnam's timber sector. Then, Section 4 describes the risk criteria stipulated by the Vietnamese legal framework. Section 5 presents the questionnaire survey results and insights from the interview survey concerning the due diligence by Vietnamese importers. Section 6 provides information about Vietnam's timber products exported to Japan in recent years. Section 7 examines the high-risk species found in each timber product type exported to Japan. Section 8 provides a summary of each product group exported to Japan and the level of risk associated with each group. Section 9 concludes the report with some recommendations based on Vietnamese exports to Japan.

2. Methodology

This report focuses on high-risk timber products exported from Vietnam to Japan. The research on which the report was based used both quantitative and qualitative data. Quantitative data was obtained from timber trade statistics originally derived from Vietnam's General Department of Customs (Vietnam customs). Access to this data source was made through a joint research program by Forest Trends and the Vietnam Timber and Forest Product Association (VIFOREST). This program aims to understand the dynamics of Vietnam's timber imports and exports. These trade data statistics help generate insights concerning the scale of Vietnam's timber imports and exports and the species used in the products exported to Japan. Data from this source also helps identify high-risk timber products exported to Japan. The statistical data used in this report covers January 2018–June 2021, long enough to observe the dynamics of Vietnam's exports to Japan and to identify and assess the level of risk associated with products as well as changes (if any) concerning these aspects. Qualitative data were obtained from in-depth interviews with representatives from MARD, VIFOREST, and other relevant industry groups, and from the semi-structured interviews conducted with traders and processors involved in the trading and processing of timber in Vietnam. In total, 17 interviews were undertaken in this research. In addition, a questionnaire survey was completed by nine timber importers in Vietnam to understand their due diligence practices framed by Decree 102, including documents they obtained to prove the legal origin of imported timber products.

To evaluate high-risk timber products, this report defines risk according to the legal frameworks of Vietnam. Products exported to Japan are considered high-risk when they are made from timber imported to Vietnam that are identified as high-risk under Decree 102. Decree 102 stipulates high-risk imported timber shipment as: those not on the list of positive geographical areas or/and belongs to the list of high-risk species[2].

In this report, the high-risk species in the products exported to Japan were identified as follows. Statistical timber trade data obtained from Vietnam customs allowed us to identify the species that were used to make timber products. This is because the trade data included the name of the species used in the product declared by the exporter. High-risk species were then identified using the criteria developed in Decree 102, as mentioned above. In general, under Decree 102, almost all tropical timber species imported into Vietnam were high-risk, as they were from countries not listed in the positive geographical area list.

Using the customs data to identify high-risk species has limitations:

- There were exporters who did not declare the timber species used in their products. This means that there may be some high-risk timber species in the product exported to Japan that were unaccounted for in this report.

[2] Those listed in Groups I and II according to the government's timber species classification system, and/or those listed by CITES

- An export product might be made from several different species, but the exporter might only declare the major species in the product. While the major species might not be high-risk, some unidentified high-risk species may be included in the product.

It should be noted that the report did not consider the risk associated with Vietnam's plantation timber. The interview survey implies an overall view that the legal risk of plantation timber is low or not significant. However, the interview survey also indicates cases of non-compliance, such as harvesting planted trees without preparing the required documents or proper land-use rights, and invasion and harvesting of other planted areas. There might be legality risks triggered by the lack of authentic documentation certifying the legality and/or sustainability of Vietnam's plantation timber[3]. However, these administrative violations are difficult to detect.

Despite these limitations, the extensive time frame of the trade data (2018–2021) covered in this report, the comprehensive information on the product declared by the exporters, the level of detail shared by the key respondents in the interviews, and the authors' in-depth knowledge about Vietnam's forestry sector, including timber trade, mean that this report provides comprehensive insights into the level of risks associated with each timber product group exported to Japan from Vietnam.

[3] There are cases in which actors involved in the supply chains did not comply with the Vietnamese government's requirements on tax payments, and/or the involved actors made false claims regarding FSC-certified products exported to Japan.

3. An overview of Vietnam's timber sector

3.1. Processing and export capacity

Vietnam's timber sector is large and expanding. In 2020 there were 5,840 enterprises operating in the sector, a 70% increase compared to 2010 (the Government of Vietnam, 2021). Most of these enterprises were small scale. These enterprises are diverse in their product outputs. Some engaged in the production of wood chips, others were involved in wood pellets and wood-based panels. The furniture manufacturer group is the largest, accounting for 80% of all enterprises in the country. Table 1 presents the number of enterprises by product area.

Table 1. Number of enterprises by product group in 2020[4]

Product group	***Number of enterprises***
Furniture	4,674
Wood-based panels	349
Wood pallets	55
Wood pellets	25
Wood chips	188
Others (e.g., logistics, paints, glue, nails)	549
Total	**5,840**

Source: The Government of Vietnam, 2021

According to these Government of Vietnam (ibid.) statistics, the 349 companies engaged in wood-based panels were comprised of 146 companies focused on finger joint products, 132 companies on veneer, 99 on plywood, 45 on particle boards, and 17 on medium density fiberboard (MDF). In addition to these enterprises, the sector included approximately 340 wood villages with thousands of household-based operators and hundreds of cooperatives who provide a wide range of timber products to the domestic market (To et al. 2021 b).

In 2020 there were 3,329 enterprises engaged in export, 18% (653 enterprises) of which were Foreign direct investment (FDI) companies and 82% (2,676 enterprises) were domestic (To et al., 2021c).

Timber products from Vietnam are exported to 140 countries and territories. Vietnam shares 6% of the global market value concerning timber products (MARD 2021a). Figure 1 shows Vietnam's timber product export and import value since 2018. In general, export has been on the rise. In 2020 Vietnam derived approximately $12 billion US from exports, a 40% increase compared to 2019. In the first half of 2021, export reached nearly $8 billion US, equaling 67% of 2020's total export value. Though the number of FDI companies participating in export is small, they share over 50% of the country's total export value (To et al., 2021c).

[4] These figures are indicative, as the number may change quickly. For example, according to the interview with the Vietnamese's Pellet Associati on the number of wood pellet facilities in the country could be as many as 300, 12 times higher than MARD's number, of which ten facilities exp ort to Japan.

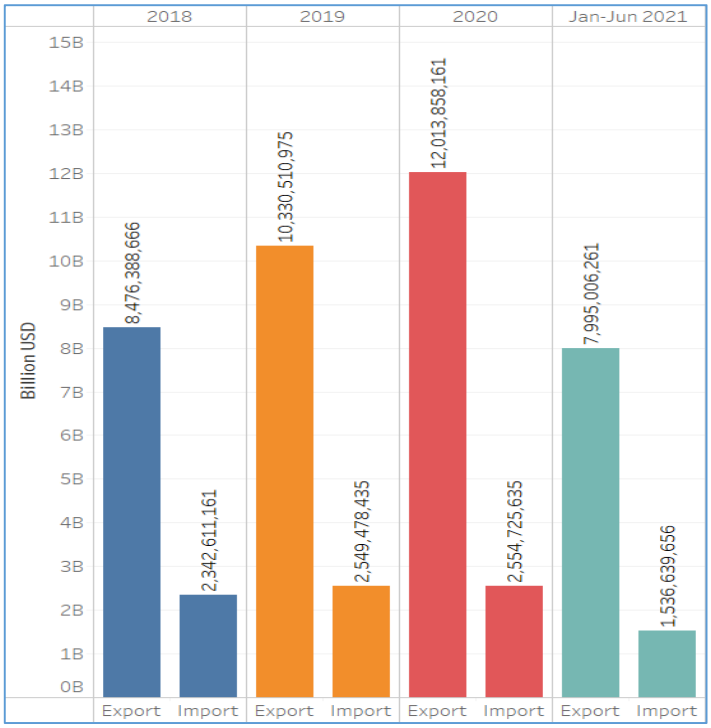

Figure 1. Vietnam's timber export and import value, January 2018–June 2021

Source: Authors' own compilation based on Vietnam customs data

Seats (Harmonized Commodity Description and Coding System (HS) 9401), furniture (HS 9403), and woodchips (HS 4401) are the major product groups with high export value. Figure 2 presents the value of major product groups Vietnam exported to the world January 2018–June 2021.

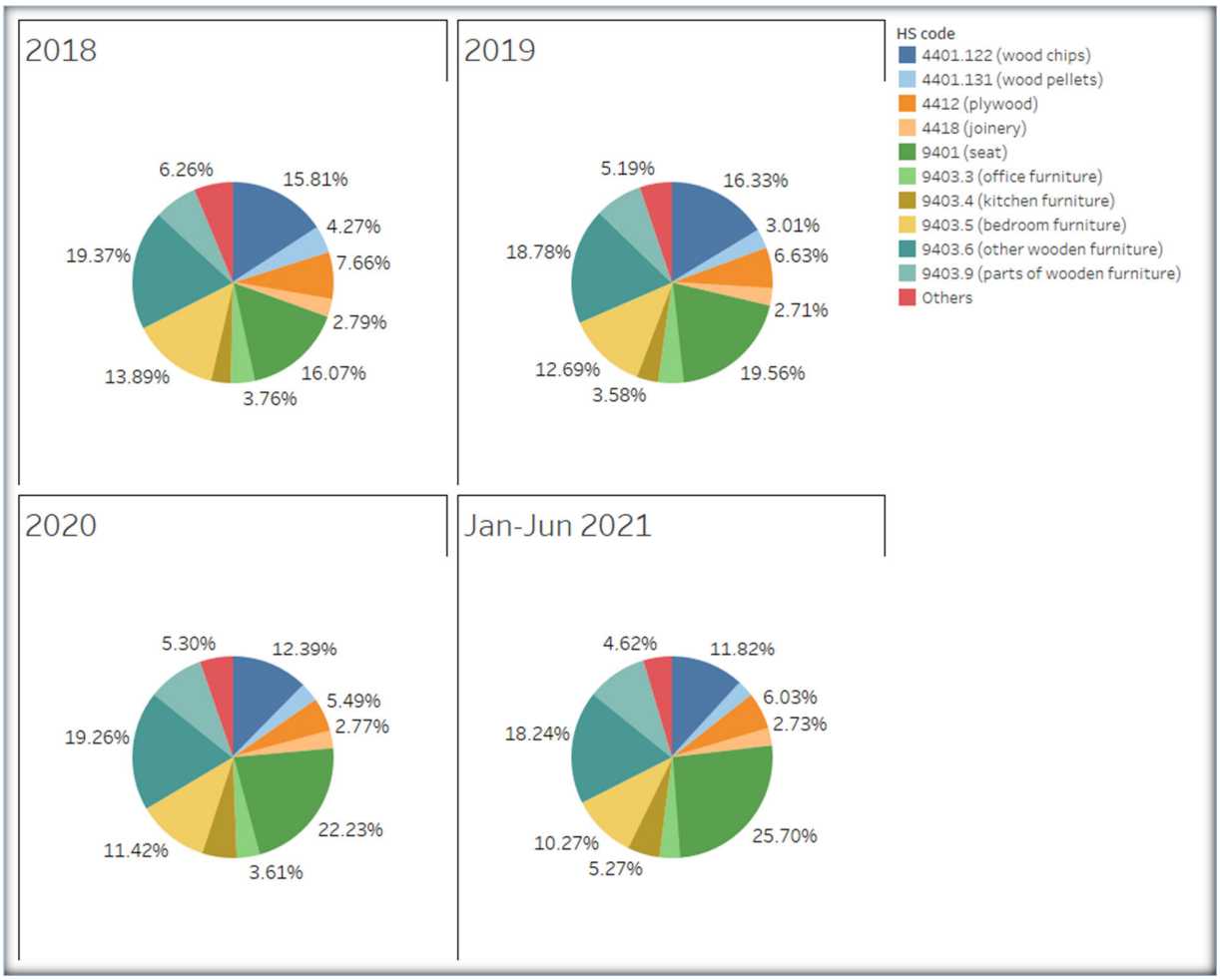

Figure 2. Proportion of major timber products Vietnam exported to the world, January 2018–June 2021

Source: Authors' own compilation based on Vietnam customs data

3.2. Domestic timber production

In 2016 the Vietnamese government adopted a logging ban on the country's natural forests. The ban has been active since then.

Records from MARD (2021a) show that in 2020 Vietnam had a total area of about 3.54 million ha of timber plantation classified as production forest[5], of which 1.95 million ha (56%) was acacia,

[5] This 3.54 million ha is located in production forest. It is smaller than the 4.3 million ha of plantation forest mentioned earlier because 0.76 milli on ha of plantation forest (4.3 minus 3.54 million ha) is located in protected and special use forest areas and consequently does not count as pr oduction area.

0.134 million ha (3.8%) was eucalyptus[6], 0.248 ha (7%) was pine, and 0.248 ha (7%) was rubber.[7] The remaining 0.955 million ha (26.2%) was indigenous and fruit trees. Plantation area has been expanding, mainly because smallholders who were granted land by the government under the forestland allocation program have been growing more trees on their land. In 2020, in addition to the 20.5 million m^3 (mainly acacia) of timber harvested from plantation[8], there were 9.5 million m^3 harvested from rubber, indigenous, and scattered trees (the Government of Vietnam, 2021). Scattered trees and rubber trees were large timber and used for furniture and wood-based panels.

3.3. Timber imports

Timber imports have been playing an important role in the development and expansion of Vietnam's timber industry. Annually, Vietnam imports 5–6 million m^3 of logs and sawn timber, 30–40% of which are tropical species; the remaining 60–70% are temperate species (Cao et al. 2021). Concerning tropical timber, African countries, Papua New Guinea (PNG), Cambodia, Laos, and some Latin American countries are Vietnam's major suppliers. Imports from these sources account for 90% of the total amount of tropical timber imports yearly (the remaining 10% are from some countries in Latin America).

Among the countries supplying tropical timber to Vietnam, countries from Africa supply 80–90% of the total. Imports from Cameroon account for 60–70% of Vietnam's imports from Africa. Major tropical timber species imported into Vietnam include high-value species like: lim (*Erythrophleum ivorense*; trade name: tali), gõ (*Afzelia* spp.; trade name: dossier or pachyloba), hương (*Pterocarpus* spp.; trade name: padouk), xoan (*Entandrophragma* spp.; trade name: sapelli), and mun (*Diospyros* spp.; trade name: ebony) mainly from African countries; and hương (*Pterocarpus* spp.), căm xe (*Xylia xylocarpa*; trade name: pyinkado), dầu (*Dipterocarpus* spp.; trade name: keruing), and cẩm lai (*Delbergia* spp.; trade name: rosewood) mainly from Cambodia and Laos.

Tropical species imported into Vietnam are mainly for domestic consumption. Using the risk criteria prescribed in Decree 102, To et al. (2021 d) report that almost all tropical timber imports were high-risk. These imports are used for making home and office furniture (tables, chairs, wardrobes, beds), for construction (e.g., beams, poles, floor, stairs), and for spiritual purposes (e.g., temples, pagodas, family/clan worshiping houses). While there is no specific information concerning the scale of the domestic market, given that almost all tropical timber imports

[6] This 3.54 million ha is located in production forest. It is smaller than the 4.3 million ha of plantation forest mentioned earlier because 0.76 milli on ha of plantation forest (4.3 minus 3.54 million ha) is located in protected and special use forest areas and consequently does not count as pr oduction area.
[6] Eucalyptus is both a plantation species in Vietnam and an imported timber species from South Africa, Brazil, and other countries.
[7] Principle purpose of rubber tree plantations is to produce natural rubber. At the end of the latex production lifecycle (often 25–30 years), rubb er trees are used to get timber for industrial use. In 2020 the country's total rubber plantation area was almost 1 million ha, of which 0.248 milli on ha was grown on land classified as forest and was counted as plantation forest (the remaining rubber area was planted on land classified as agricultural).
[8] A study by To et al. (2021), however, shows that annual acacia timber harvest could reach to 47 million m^3 (https://goviet.org.vn/upload/acew eb/content/FN_Ban%20tin%20Go%20keo%20trong%20nuoc.pdf).

(annually 1.5–2 million m^3 RWE, valuing $ 1–1.5 billion US as imported value) are used in Vietnam, the scale of timber products made from imported tropical species consumed in Vietnam is substantial.

Vietnam imports a large volume of temperate timber species from many places, among which the US, EU, Canada, New Zealand, and Australia are major suppliers. Imports from these sources share nearly half of the total temperate timber imports. Imports from the US surpass the import from other sources by far. In 2020, Vietnam imported approximately 214,400 m^3 of logs and 579,500 m^3 of sawn wood from the US (To et al., 2021a). Common temperate species imported into Vietnam are ash (*Fraxinus* spp.), pine (*Pine* spp.), oak (*Quercus* spp.), poplar (*Liriodendron* spp.), walnut (*Juglans* spp.), and cottonwood (*Populus deltoides*). Most of the temperate species imported into Vietnam are used to manufacture furniture for export; a small proportion of the imports is used for the domestic market.[9]

The Vietnamese government's policies and measures encourage the import of raw materials while discouraging their export. Decree 125/2017 on 16 November 2017, for example, stipulated that while the import of logs (HS 4403) and sawn wood (HS 4407) is tax-free, their export incurs a 25% export tax. These policies and measures aim to ensure the availability of raw materials to feed the industry and to facilitate expansion, particularly of exports.

In addition to logs and sawn wood, Vietnam imports wood-based panels, prominently particle boards, fiberboard, and plywood (Government of Vietnam, 2021). Imported wood-based panels are used in indoor furniture (e.g., bedroom furniture, kitchen, and office furniture) for export. Import of wood-based panels has been on the rise and in 2020 their import volume reached 1.78 million m^3, 12% higher than 2019 (ibid.). This corresponds well to the expansion of the timber product industry in Vietnam, in particular exports to the US.

[9] The scale of domestic consumption of imported temperate species is unknown.

4. Legal framework concerning high-risk timber and risk assessment

The Vietnamese government has committed to excluding illegal timber from all supply chains. This commitment was reflected in a VPA the government signed with the EU on 19 October 2018 and came into force on 1 June 2019. To translate this commitment from the VPA into domestic legislation, the government issued Decree 102 promulgating the Vietnam Timber Legality Assurance System (VNTLAS) on 1 September 2020. Decree 102 came into force on 30 October 2020. Currently, the legality of timber and timber products imported into Vietnam is subject to Decree 102.

Decree 102 focuses on four major areas: (i) management of imported timber and timber products (came into force by 30 Dec 2020); (ii) management of timber and timber products for export (not yet come into force); (iii) criteria and procedures for classification of wood processing and export enterprises; and (iv) the FLEGT licensing process (not yet come into force). This Decree regulates timber legality concerning all practices exercised by all individuals and organizations participating in the supply chains.

The sub-section below describes risk criteria developed under Decree 102 and due diligence requirements for Vietnamese importers when dealing with risk timber. It also explains the enterprise classification system and its criteria for implementing Decree 102. The system is expected to help importers of Vietnamese timber products evaluate the supply chain risk and law-compliance level.

4.1. Risk criteria: geographical risk and species risk

Decree 102 has four articles (Articles 4–7) concerning the management of imported timber and timber products. Specifically, Article 4 highlights that the control of timber imports is undertaken based on the risk criteria including geographical risk (divided into 2 categories: positive and non-positive geography) and timber risk (divided into 2 categories: low risk and high risk). Article 5 details the criteria for geographical risk identification. Specifically, a source country is considered low risk if it meets one of following criteria:

- It has a timber legality assurance and FLEGT licensing system in place.
- It has a national regulatory framework on due diligence for entire supply chains that is recognized by VNTLAS.
- The Governance Effectiveness Index of the country is 0 or higher (using the World Bank's most recent Global Governance Index) and the regulatory framework on CITES implementation of the country is ranked and announced as Level I by the CITES Secretariat and meets one of the two following criteria: (i) the country has a bilateral agreement with Vietnam on timber, or (ii) the country has a national timber certification system recognized by Vietnam.

Under Decree 102, a source country that does not meet one of above criteria is considered as non-positive geographical area. Notably, a source country refers to the country of export and does not necessarily represent the country of harvest. For example, timber from Cameroon is imported into a country in Europe before exporting to Vietnam. In this case, as all countries in Europe are on the positive geography list, timber originally from Cameroon imported into a country in Europe would not be considered as high-risk under Decree 102.

Article 6 of the decree focuses on the criteria for species risk identification. Imported species are considered as high-risk if they are:

- listed in the CITES Annexes;
- critically endangered and rare species listed in Category IA and Category IIA according to Vietnam's regulations;
- being imported into Vietnam for the first time; or
- threatened with extinction in the country of harvest or illegally traded as identified by Vietnamese authorities.

Imported species are identified as low-risk if they do not have any of these characteristics.

Article 5 of Decree 102 states that MARD needs to collaborate with other relevant ministries to publish the list of the positive geographies and to make the list available on the website of MARD's Department of Forest Protection. Article 6 prescribes that MARD, in collaboration with other relevant agencies, needs to update and publish the list of imported species on 30 June and 31 December every year and make the list available on the Department website.

To implement Decree 102, MARD issued two Decisions concerning the imported species and the source countries. Specifically, on 27 November 2020 MARD issued Decision 4832/QĐ-BNN-TCLN publishing the positive geographies exporting timber to Vietnam and the list of imported species[10]. Annex I of Decision 4832 listed 322 species as being imported into Vietnam (the species list). Each species has a scientific name, which is the official name, and a common name in Vietnamese used for reference only. There are many imported species that do not have a Vietnamese name as they are new in Vietnam. This list serves as a basis for the identification of high-risk species using the criteria set out in Article 6 of Decree 102 mentioned above. For example, if an importer brings a species that does not appear on the list, then this species is considered high-risk and the importer has to follow the requirements adopted for high-risk timber import as prescribed according to Decree 102 (see Section 4.2.). Annex II of Decision 4832 publishes a list of all positive geographies exporting timber into Vietnam. There are 51 countries on the list, with 10 countries in Asia, 31 in Europe, three in Oceania, six in America, and one in Africa. All timber from the countries not on the list are considered high-risk.

[10] https://thuvienphapluat.vn/van-ban/Xuat-nhap-khau/Quyet-dinh-4832-QD-BNN-TCLN-2020-cong-bo-Danh-muc-cac-loai-go-da-nhap-khau-vao-Viet-Nam-458434.aspx

On 30 June 2021 MARD made Decision 2905/QĐ-BNN-TCLN updating the list of imported species. This newly-published list has 793 species, including all 322 listed in Decision 4832.

4.2. Due diligence requirements under Decree 102

Article 7 of Decree 102 prescribes importing dossier and due diligence requirements for importers, with high-risk imported timber shipment[11] subject to a more stringent level of control compared to before Decree 102 came into force. In addition to submitting import documents to custom authorities as usual, importers are now asked to complete specific forms concerning timber imports:

- Form 1 in the annex of Decree 102 is intended for logs and sawn timber and requires information concerning the source country, country of harvest, export and import ports, and detailed information on the imported timber (e.g., trade name, scientific name, species category, size, and volume). This form has to be certified by Vietnamese customs authorities at the point of import.
- Form 2 is used for timber products and requires similar information to Form 1.

Annexes 1 and 2 of this report present Forms 1 and 2 in Vietnamese language, along with an unofficial translation of these forms in English. In addition to fulfilling the information in Form 1 or Form 2, the importer is requested to submit one of the following documents:

(a) A copy of the CITES permit from the country of export (export permit) and from the Vietnam CITES authority (import permit) if the imported species is listed in the CITES Appendix.

(b) A copy of the FLEGT permit if the source country has a FLEGT licensing system in operation.

If the imported timber is not subject to (a) or (b), the importer is asked to provide information in Form 3 (Declaration for imported timber source) (see Annex 3 of this report). Form 3 consists of four main parts.

- Part A asks for similar information to that in Form 1 or Form 2, depending on whether the import is log/sawn timber or timber product.
- Part B distinguishes if the imported timber shipment is low- or high-risk according to the criteria in Articles 5–6 mentioned above.

If the timber shipment is low-risk, then the importer does not need to provide any additional information. If it is high-risk, that means timber is species risk or comes from non-positive geographies, importer is required to provide additional documentation and declaration according then the importer is requested to complete information in Parts C and D. Specifically, Part C requires the importer to provide three additional documents:

[11] Shipment comes from a non-positive geography or high-risk species

(i) A voluntary certification or a national certification document from the source country that meets all criteria set out in the VNTLAS.
(ii) A permit or document from relevant authorities in the source country that proves legal harvest.
(iii) In the absence of a permit/document required under (ii), the importer has to provide alternative documents to prove the legality of harvest. If this is the case, then the importer needs to indicate clearly what the document is and who the issuing authority is. The importer also must provide the information concerning the exporter and the country of harvest, and the reason for the absence of a harvest permit. If the importer fails to provide information as required under (iii), then they are asked to provide other documents for substitution. In this case the importer needs to indicate clearly what the document is, the country of harvest, and the name and address of the exporter.

In addition to providing additional documentation, the importer is requested to exercise due diligence to mitigate risk when they bring high-risk timber shipment into the country. To do this, Part D of Form 3 requests the importer to provide information on the regulatory framework concerning timber export in the source country (e.g., export ban, export permit) for certain types of timber or certain timber species. In addition, Form 3 requests the importer to identify risks associated with the import and to conduct activities to mitigate those risks.

Customs authorities at the border points are responsible for checking the authenticity of the documentation.

4.3. Enterprise classification system

Wood processing and export enterprises are classified into Category I or II depending on whether they meet government criteria. Article 12 of Decree 102 (Classification of Wood Processing and Export Enterprises) states that a Category I enterprise must meet the following criteria:

a. Complies with the legal requirements concerning enterprise establishment and has been in operation for at least one year between the establishment and the classification time.
b. Complies with timber legality requirements under Decree 102 and MARD's requirements on management and traceability of timber origin.
c. Complies with the reporting procedure requirements under Decree 102 and the requirements for retaining legality documentation.
d. Has not committed any criminal act or been given administrative penalties of 25 million Vietnamese dong or larger for engaging in illegal logging, transportation, trading, or processing of forest products.

Category II enterprises are those that fail to meet all of the above criteria.

MARD estimates that there are around 6,000 companies dedicated to timber processing and/or exports in Vietnam. As of January 2023, 152 companies engaged in both timber processing and

exports are listed as Category I enterprises. The list, which is open to the public[12], shows the company name, address, province/municipality where the company was classified, and the date of Category I accreditation. MARD plans to extend the scope of enterprise classification from the current focus on processing and export, to also include import. The enterprise classification system under Decree 102 is still under development. It is expected to serve as a crucial mechanism for importers of Vietnamese timber products to assess the legality of products in the future as it indicates the legal compliance of Vietnamese companies in a transparent manner. It is also anticipated that different management regimes will be applied to exports according to the Category of the exporting company.

[12] http://www.kiemlam.org.vn/Desktop.aspx/List/Go_hop_phap/Danh_sach_cac_Doanh_nghiep_che_bien_va_xuat_khau_go_nhom_I/

5. Questionnaire and interview survey: status of implementation of due diligence by Vietnamese importers

Table 2 summarises the results of the questionnaire survey with Vietnamese timber importers. It should be noted that only nine out of targeted 30 importers replied, eight of which import roundwood and/or sawn timber of plantation species and cannot represent the overall Vietnamese timber importers. Importantly, seven of nine importers expressed that they had already started using Form 3 when importing timber.

Decree 102 requires the importers to provide additional documents such as voluntary certification or national certification, harvest permits, and others if imported timber shipment is high risk. The questionnaire survey shows that six importers use Forest Stewardship Council (FSC) certification. The other three importers rely on a certificate of origin and phytosanitary certificate as part of the evidence document to demonstrate the legality of the timber, although they are importing from non-positive geographies.

In addition, the interviewees expressed that due diligence practices by Vietnamese importers are still at an early stage, and awareness raising and capacity building are needed for them. When buyers and markets do not require forest certification, Vietnamese importers most likely rely on the certificate of origin and phytosanitary certificate as evidence of legal harvest for the imported logs and sawn timber. However, these documents are basic shipment documents and are often considered insufficient by some importing countries to demonstrate the legality of the harvest, particularly for high-risk species.

Table 2. Results of the questionnaire survey with Vietnamese timber importers

Source country	***Tree species and country of harvest***	***Use of Form 3 of Decree 102***	***Documents to demonstrate timber legality***	***Buyers of timber***
Europe	Padouk (Cameroon)	Since 2020	Packing list, certificate of origin, FSC certification	non-response
South Africa, Laos*	Acacia (Laos), Eucalyptus (South Africa)	Since 2020	Certificate of origin, phytosanitary certificate	Traders and furniture factory
France, Laos*	Acacia (Laos), Eucalyptus (South Africa)	Since 2021	Certificate of origin, phytosanitary certificate, FSC certification	Furniture factory
Mexico*	Eucalyptus (Mexico)	Not yet	Certificate of origin, phytosanitary certificate, FSC certification	non-response
Germany, Cameroon*, Mexico*	Eucalyptus, Birch, Rubber, Maple	Since 2021	Certificate of origin, FSC certification	non-response
Jamaica*	Eucalyptus (Jamaica)	Since 2020	Phytosanitary certificate	Furniture factory

Mexico*	Eucalyptus (Mexico)	Since 2022	Phytosanitary certificate, FSC certification	Furniture factory
South Africa, Laos*	Eucalyptus (South Africa); Acacia (Laos)	Since 2020	Phytosanitary certificate	Traders
France, Laos*	Eucalyptus (Mexico). Acacia (Laos)	Since 2020	Certificate of origin, phytosanitary certificate, FSC certification	Furniture factory

*Source country, which is considered high-risk as it is not on the list of all positive geographies exporting timber into Vietnam, Annex II of Decision 4832.

The interview with plywood factories also suggests that due diligence is not fully implemented for the imports of veneer sheets, which are often used for the face/back of particular plywood, such as for construction. The most common species for the face/back is birch, mainly imported from China, but veneer sheets using both Chinese and non-Chinese origin tropical hardwoods such as ocume (*Aucoumea klaineana*), bintangor (*Calophyllum pulcherrimum*) and MLH (Mixed Light Hardwood) are also common. However, Vietnamese plywood producers using the tropical veneer sheet imported from China are not informed of the country of harvest from their suppliers. This suggests that due diligence by Vietnamese importers and/or information flow along the supply chain actors is not fully implemented.

5.1. Vietnam's exports of timber products to Japan

Japan is Vietnam's second most important export market for timber products. Vietnam's exports to Japan have been gradually increasing over time. Table 3 presents the value of Vietnam's timber products exported to Japan by product groups (HS code) from January 2018 to June 2021. Figure 3 shows the proportion of export value derived from each group.

Table 3. The value (USD) of Vietnam's timber products exported to Japan, January 2018–June 2021

HS Code	*2018*	*2019*	*2020*	*Jan–Jun 2021*
4401131 (Wood pellet)	57,727,136	116,643,997	157,569,776	87,262,958
4401122 (Wood chip)	424,776,820	504,306,374	402,092,879	237,458,916
4412 (Plywood)	55,150,145	41,796,051	43,239,863	30,824,071
4418 (Joinery)	53,057,472	52,829,188	48,886,442	28,906,691
9941 (Seats)	97,989,977	121,624,509	129,546,529	70,754,173
94033 (Office furniture)	74,077,674	76,568,034	84,735,958	36,427,029
94034 (Kitchen furniture)	38,484,392	55,327,302	64,493,845	35,188,778
94035 (Bedroom furniture)	103,678,603	107,425,312	112,705,336	49,557,020
94036 (Other wooden furniture)	111,960,808	118,192,327	107,297,023	54,634,912
94039 (Parts of wooden furniture)	14,094,340	16,779,549	22,658,045	13,956,966
Others	88,036,244	96,722,162	93,333,711	47,815,476
Total	**1,119,033,609**	**1,308,214,808**	**1,266,559,407**	**692,786,990**

Source: Authors' own compilation based on Vietnam customs data

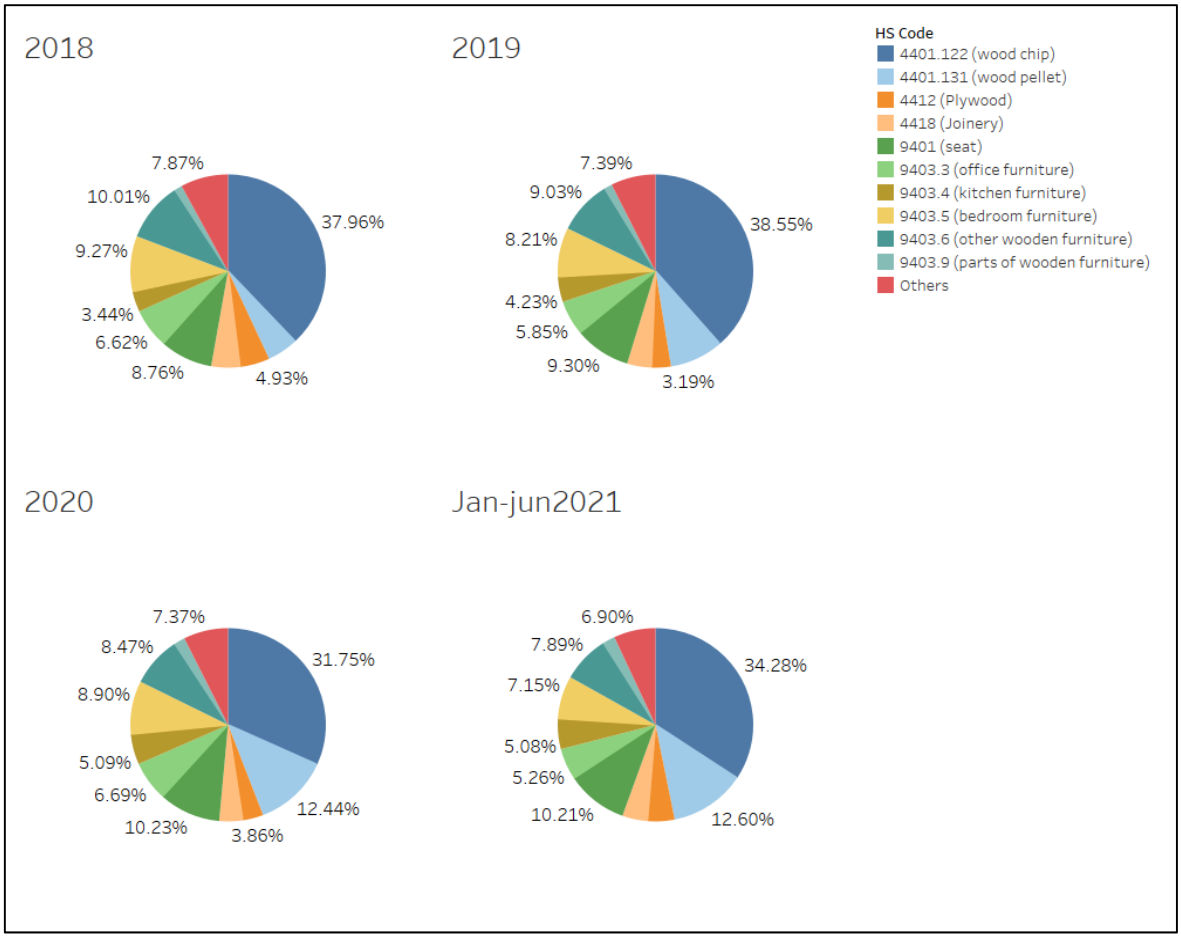

Figure 3. Vietnam's export of timber products to Japan by product group, January 2018–June 2021

Source: Authors' own compilation based on Vietnam customs data

Wood chips, wood pellets, seats, bedroom furniture, and other wooden furniture are key product groups exported to Japan from Vietnam. Between 2019 and 2020, wood chips and other wooden furniture experienced a big drop; by contrast, exports of wood pellets and seats increased considerably.

6. High-risk imported timber in the products exported to Japan

As mentioned in Section 2, this report defines risk according to the legal frameworks of Vietnam. Products exported to Japan are considered high-risk when they are made from timber imported to Vietnam that are identified as high-risk under Decree 102. The timber trade data recorded by Vietnam customs allows the identification of high-risk species used in exported products. Table 4 presents the value of the products that used imported high-risk timber and were exported to Japan from January 2018 to June 2021. There are 13 high-risk timber species used in the products. These species are high-risk because they were from high risk imported timber shipment.

In general, the export value of these products was small, accounting for 0.3% (in 2018), 0.4% (2019), 0.2% (2020) and 0.2% (Jan-Jun 2021) of the total export value derived from all products exported to Japan.

Table 4. High-risk species in the products exported to Japan from Vietnam, January 2018–June 2021

Vietnamese name	***Scientific name***	***Trade name***	***2018 (USD)***	***2019 (USD)***	***2020 (USD)***	***Jan–Jun 2021 (USD)***
Xà cừ	*Khaya senegalensis*	Faux acajen	1,209,007	1,034,836	1,155,796	554,444
Cà chít	*Shorea obtuse*	Meranti	11,903	0	0	0
Cẩm	*Delbergia* spp.	Rosewood	21,510	28,250	6,149	76,920
Căm xe	*Xylia xylocarpa*	Pyinkado	147,034	309,971	21,745	8,845
Chiêu liêu	*Terminalia alata*	Terminalia	214,798	154,993	73,704	11,812
Chò chỉ	*Parashorea* spp.	White seraya	275,570	359,100	59,540	0
Gõ	*Afzelia* spp.	Pachyloba	163,448	68,855	112,220	100,860
Hương	*Pterocarpus* spp.	Padauk	622,554	367,255	227,880	71,704
Dầu	*Dipterocarpus* spp.	Keruing	124,574	1,528,037	710,735	40,367
Mun	*Diospyros* spp.	Ebony	136,118	153,027	78,618	33,080
Muồng	*Millettia* spp.	Wenge	116,400	174,282	51,670	12,863
Sơn huyết	*Melanorrhoea laccifera*	Melanorrhea	8,145	0	0	0
Xoan	*Entandrophragma* spp.	Sapelli	556,846	670,040	446,277	139,775

Source: Authors' own compilation based on Vietnam customs data

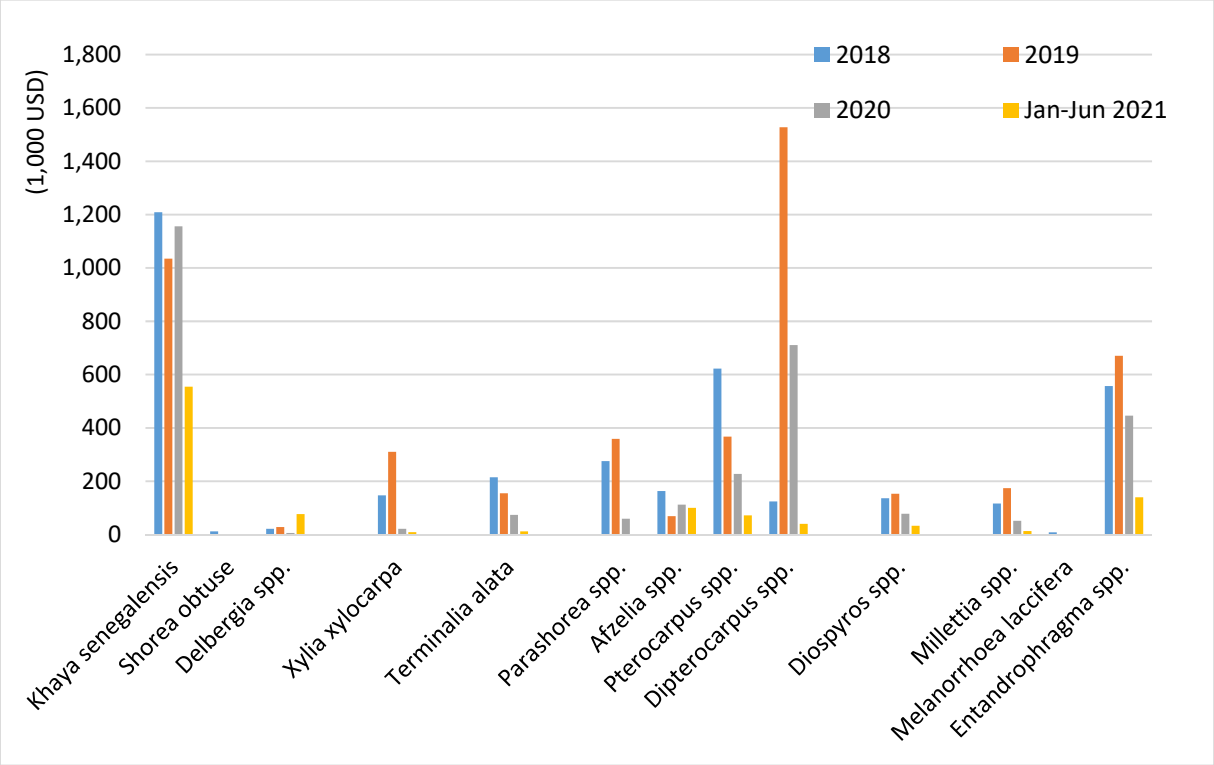

Figure 4. Value (USD) of the products containing high-risk species exported to Japan, January 2018–June 2021

Source: Authors' own compilation based on Vietnam customs data

Figure 4 shows the value of products containing high-risk species exported to Japan over time. Among the high-risk species, keruing (*Dipterocarpus* spp.), faux acajen (*Khaya senegalensis*), padauk (*Pterocarpus* spp.*),* sapelli (*Entandrophragma* spp), and white seraya (*Parashorea* spp.) are the most commonly used species. In general, the use of high-risk species has been reducing. Some species such as meranti, white seraya, and melanorrhea (*Melanorrhoea laccifera*) were not found in the products exported to Japan in the first half of 2021.

The sub-section below provides an overview of the exports by product group (HS Code) and assesses the risk associated with the species used in the products exported to Japan from January 2018 to June 2021.

6.1. Vietnam's exports of wood chips to Japan

Wood chips (HS 440122) are Vietnam's most important product exported to Japan. Japan is Vietnam's third largest wood chip export market (after China and the Republic of Korea). Each year during January 2018–June 2021, Vietnam exported over 3 million tons of wood chips, valued

at $400–500 million US. Figure 5 presents the volume and value of Vietnam's wood chips exported to Japan in recent years.

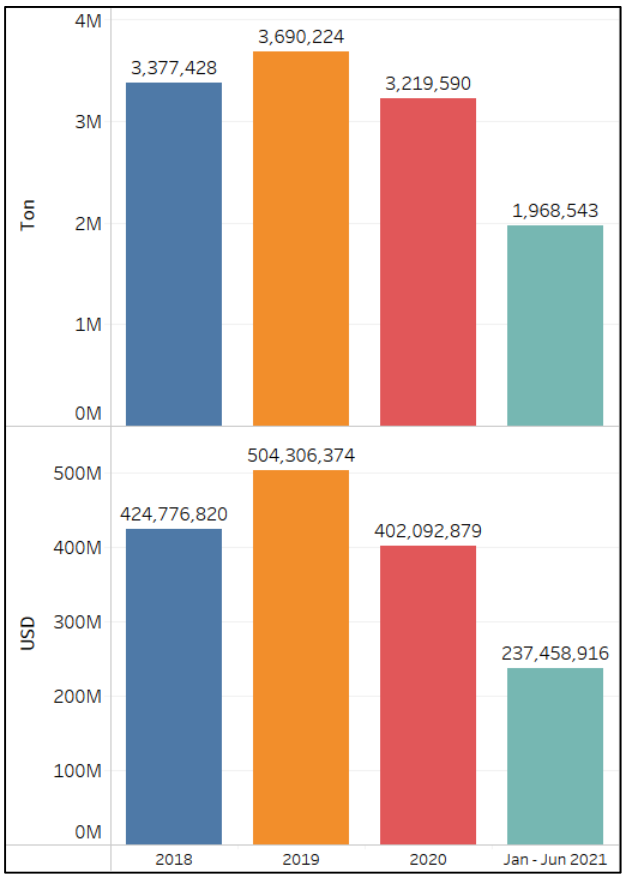

Figure 5. The volume (ton) and value (USD) of Vietnam's exports of wood chip to Japan, January 2018–June 2021

Source: Authors' own calculation based on Vietnam customs data

Raw material inputs used to produce wood chips were acacia, eucalyptus, and pine from domestic plantations. The most common species is acacia, but this changes according to the availability of timber species in the different geographical areas of Vietnam. High-risk species were not found in the products exported to Japan.

6.2. Vietnam's exports of wood pellets to Japan

Wood pellets (HS 440131) have become an important product exported to Japan. In 2020 Vietnam exported 1.2 million tons of wood pellets to Japan, valued at nearly $160 million US. The export has been expanding vigorously in recent years (Figure 6).

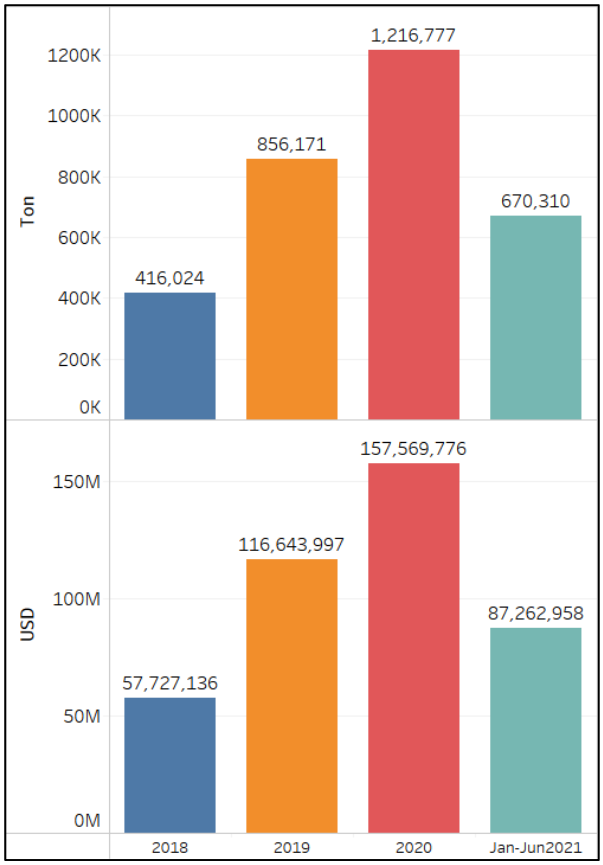

Figure 6. The volume (ton) and value (USD) of Vietnam's exports of wood pellets to Japan, January 2018–June 2021

Source: Authors' own calculation based on Vietnam customs data

Raw materials used to produce wood pellets include sawdust, shavings, twigs, and planted timber (e.g., branches). Acacia is commonly used, especially by the companies in the north and central regions of Vietnam where acacia plantations are abundant. Wood pellets were also made from residuals of rubber tree, eucalyptus, and pine.

High-risk species were not found in wood pellets exported to Japan. However, as some wood pellet factories use residues from processing and furniture factories, pellet products may include residues of high-risk species. The type and proportion of materials used by wood pellet factories varies and depends on the availability of raw materials in the factories' area and their access to these materials, for example, some factories use only a small proportion of residues and rely mainly plantation timber instead.

6.3. Vietnam's exports of sawn timber (HS 4407) to Japan

Products under HS 4407 refer to wood that is sawn or chipped lengthwise, sliced or peeled, planed or not-planed, sanded or end-jointed, and has a thickness exceeding 6 mm.

In 2018 Vietnam exported 1,351 m^3 of sawn timber to Japan, valued at nearly $273,800 US. Export volume dropped substantially to 601 m^3 in 2019. However, the value did not change much. This may mean that the species included in the sawn timber exports of 2019 had a higher value compared to the species exported in 2018. In the first half of 2021, the export dropped to 328 m^3 and $69,500 US in value (Figure 7).

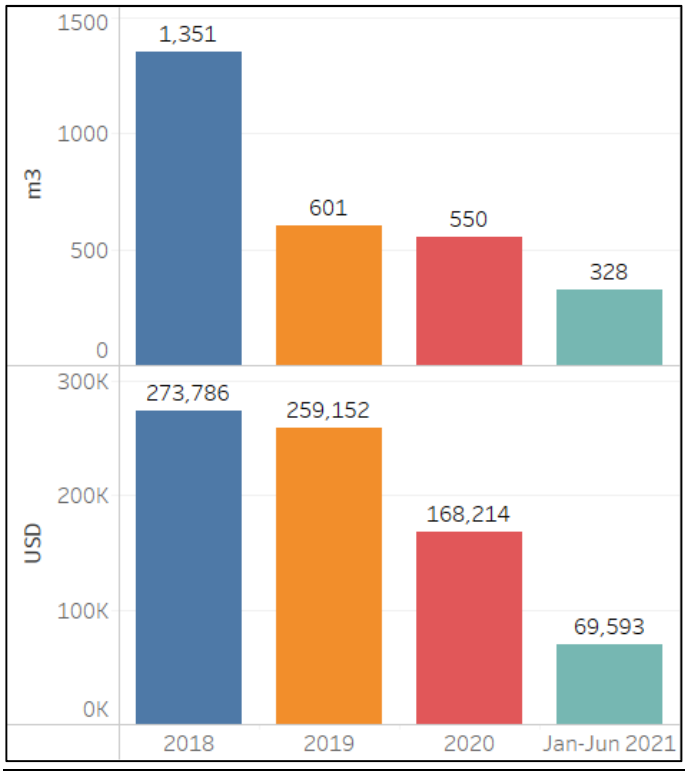

Figure 7. Volume (m3) and value (USD) of Vietnam's sawn timber exported to Japan, January 2018–June 2021

Source: Authors' own calculation based on Vietnam customs data.

Major species in sawn timber exported to Japan were eucalyptus, birch, and rubber. As birch is not grown in Vietnam, birch exported to Japan may come from Russia, either directly imported into Vietnam or imported via China. While the EU and US have restricted Russian timber following the Russian invasion of Ukraine, Russia is categorized as a positive geography under Decree 102. This means that timber from Russia, including birch imported into Vietnam, is not considered high-risk under current Vietnamese legislation.

There were high-risk species in the products exported in 2018–2019 (Table 5). During that period, the percentage of export value of high-risk timber was high, which may be explained by higher prices compared to planted timber such as eucalyptus. Since 2020, no high-risk timber species have been found in sawn timber exported to Japan from Vietnam.

Table 5. High-risk species in sawn timber exported to Japan, 2018–2019

Species	Volume (m^3)		Value (USD)	
	2018	2019	2018	2019
Meranti (*Shorea obtuse*)	21		11,903	
Pachyloba (*Afzelia* spp.)		14		30,485
Padauk (*Pterocarpus* spp.)	37		47,515	
Sapelli (*Entandrophragma* spp.)	2		2,100	

Source: Authors' own calculation based on Vietnam customs data.

6.4. Vietnam's exports of flooring products to Japan

Products under HS 4409 refer to strips and friezes for parquet flooring, not assembled, continuously shaped, planed or not-planed, sanded or end-jointed, and tongued, grooved, rebated, chamfered, v-jointed, beaded, moulded, rounded, or the like along any of its edges or faces.

From January 2018 to June 2021 Vietnam exported about 7,000–8,000 m^3 of flooring products to Japan each year, valuing $7–8 million US. Figure 8 shows the volume and value of flooring products exported to Japan from January 2018 to June 2021.

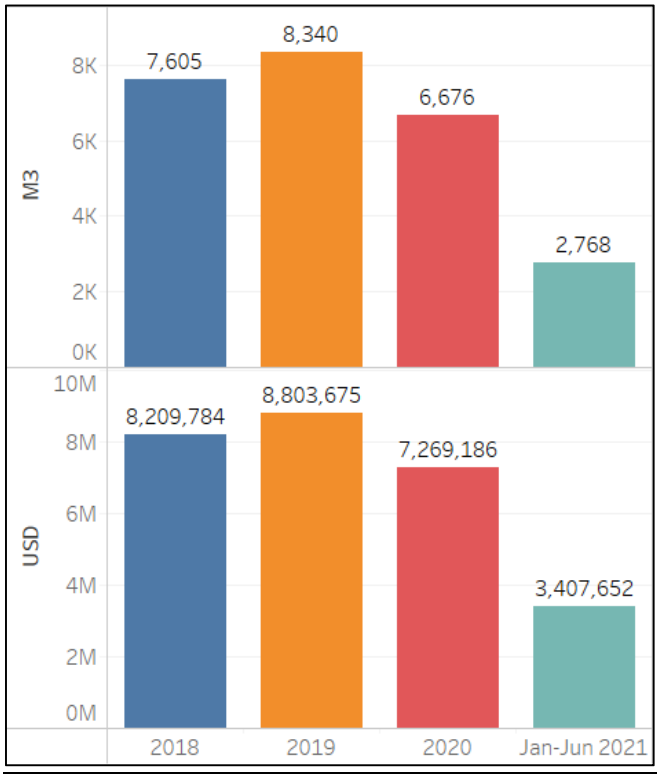

Figure 8. Volume (m3) and value (USD) of Vietnam's flooring products exported to Japan, January 2018–June 2021.

Source: Authors' own calculation based on Vietnam customs data.

There were more than 20 timber species used in flooring products exported to Japan from January 2018 to June 2021. Common species were bồ đề (*Ficus religiosa*; trade name: benzoe[13]), dương (*Liriodendron* spp.; trade name: poplar), sồi (*Lithocarpus corneus*; trade name: oak), thông (*Pine spp*., trade name: pine), and keo/tràm (*Acacia* spp.; trade name: acacia). Among these species, benzoe and acacia were grown in Vietnam, whereas poplar, oak and pine were imported.

There were high-risk species found in flooring products exported to Japan (Table 6). Pachyloba (*Afzelia* spp.), padauk (*Pterocarpus* spp.), and pyinkado (*Xylia xylocarpa)* were commonly used in 2018–2019. Except for pachyloba species which experienced a jump in export in the first half of 2021, other high-risk species in flooring products exported to Japan were reduced to almost zero by June 2021.

Table 6. High-risk species in flooring products exported to Japan from Vietnam, January 2018–June 2021

Species	*Volume (m^3)*				*Value (USD)*			
	2018	***2019***	***2020***	***Jan–Jun 2021***	***2018***	***2019***	***2020***	***Jan–Jun 2021***
Pyinkado (*Xylia xylocarpa*)	71	19	3	0	145,677	41,811	4,425	0
Terminalia (*Terminalia alata*)	19	15	0	3	49,696	23,435	0	8,643
Pachyloba (*Afzelia* spp.)	91	23	37	45	163,448	37,075	69,656	100,860
Padauk (*Pterocarpus* spp.)	79	47	15	0	178,265	127,736	27,780	0
Ebony (*Diospyros* spp.)	0	4	0	0	0	569	0	0

Source: Authors' own calculation based on Vietnam customs data.

6.5. Vietnam's exports of plywood to Japan

Products under HS 4412 refer to plywood, veneered panels, and similar laminated wood (hereafter plywood). Plywood is one of the important timber products from Vietnam that is exported to Japan. Table 7 shows the volume and value of the plywood products exported to Japan in recent years.

[13] Traders use Benzoe in the declaration form for both *Ficus religiose* and *Styrax tonkinesis.* To avoid confusion, this report refer to *Styrax tonkinesis* as Styrax in this report.

Table 7. Volume (ton) and value (USD) of Vietnam's exports of plywood to Japan, January 2018–June 2021

Year	*Volume (ton)*	*Value (USD)*
2018	215,260	55,150,145
2019	161,240	41,796,051
2020	170,212	43,239,863
Jan-Jun 2021	114,858	30,824,071

Source: Authors' own calculation based on Vietnam customs data

Plywood is made from Vietnam's plantation timber, mainly acacia timber grown by smallholders. A small proportion of plywood is made from eucalyptus and styrax (*Styrax tonkinesis*)[14]. Table 8 shows the value of plywood made from these three species exported to Japan in recent years.

Table 8. Major species used in plywood exported to Japan from Vietnam, January 2018–June 2021

Species	*Volume (tons)*			
	2018	*2019*	*2020*	*Jan–Jun 2021*
Eucalyptus	26,960	11,139	17,440	4,030
Styrax (*Styrax tonkinesis*)	212	12,369	44,249	11,149
Acacia	186,126	137,124	105,458	99,214
Species	*Value (USD)*			
	2018	*2019*	*2020*	*Jan–Jun 2021*
Eucalyptus	7,170,962	3,029,626	4,565,770	1,056,195
Styrax (*Styrax tonkinesis*)	62,347	3,263,264	11,706,791	2,839,041
Acacia	47,412,505	35,327,147	26,170,230	26,776,869

Source: Authors' own calculation based on Vietnam customs data.

However, the figures in Table 8 are only indicative and do not reflect the actual scale of species exports. This is because there are cases in that exporters do not declare the species names of all species used in the exported products. Indeed, interviews with the Vietnamese Plywood Association and two plywood factories indicated that imported veneer sheets are used for the face/back of plywood for construction. The most common species for the face/back is birch, mainly imported from China, but veneer sheets using both Chinese and non-Chinese origin hardwood such as ocume (A*ucoumea klaineana*), bintangor (*Calophyllum pulcherrimum*) and MLH are also common. However, when exporting plywood, the species used for the core part is declared by the exporter, while the species used for the face/back parts, which account for a small proportion of the product weight, may not be declared at the point of export.

[14] As above-mentioned, Traders in Vietnam use Benzoe in the declaration form for both *Ficus religiose* and *Styrax tonkinesis*. To av oid confusion, this report refers to *Styrax tonkinesis* as Styrax in this report.

6.6. Vietnam's exports of packing cases to Japan

Products under HS 4415 refer to packing cases, boxes, crates, drums and similar packings of wood, cable drums of wood, pallets, box pallets and other load boards of wood, and pallet collars of wood.

Figure 9 shows the volume and value of Vietnam's packings exported to Japan from January 2018 to June 2021. On average, each year Vietnam exported about 120,000–140,000 pieces of packing cases to Japan, valued at $0.8–1 million US.

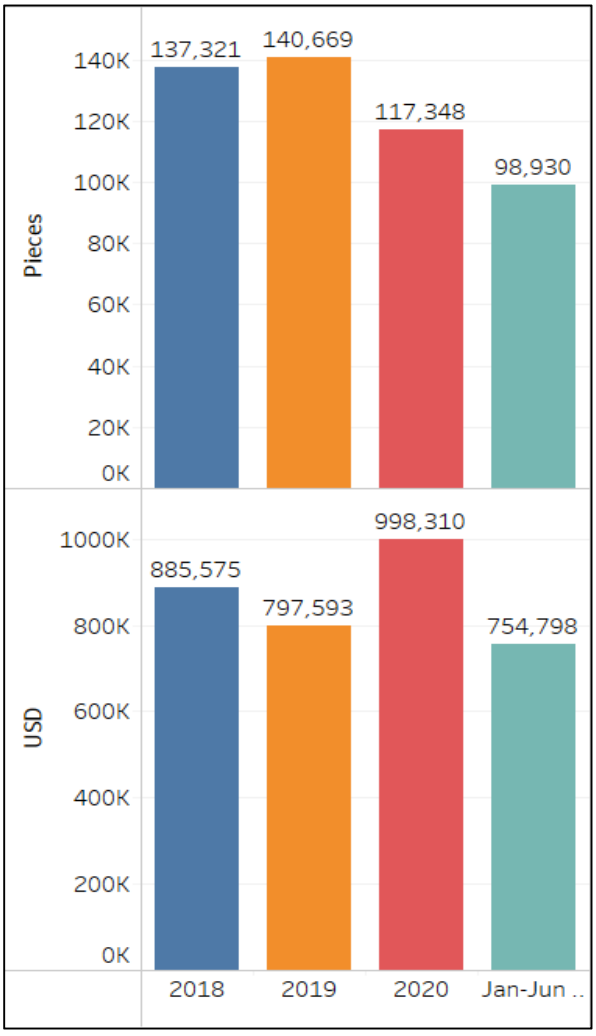

Figure 9. Volume (pieces) and value (USD) of Vietnam's exports of packing cases to Japan, January 2018–June 2021

Source: Authors' own calculation based on Vietnam customs data.

Faux acajen (*Khaya senegalensis*) was the only high-risk species used in the products exported to Japan from January 2018 to June 2021. The use of this species in products was high in 2019–2020.

Figure 10 presents the volume and value of the products that included faux acajen (*Khaya senegalensis*) exported to Japan.

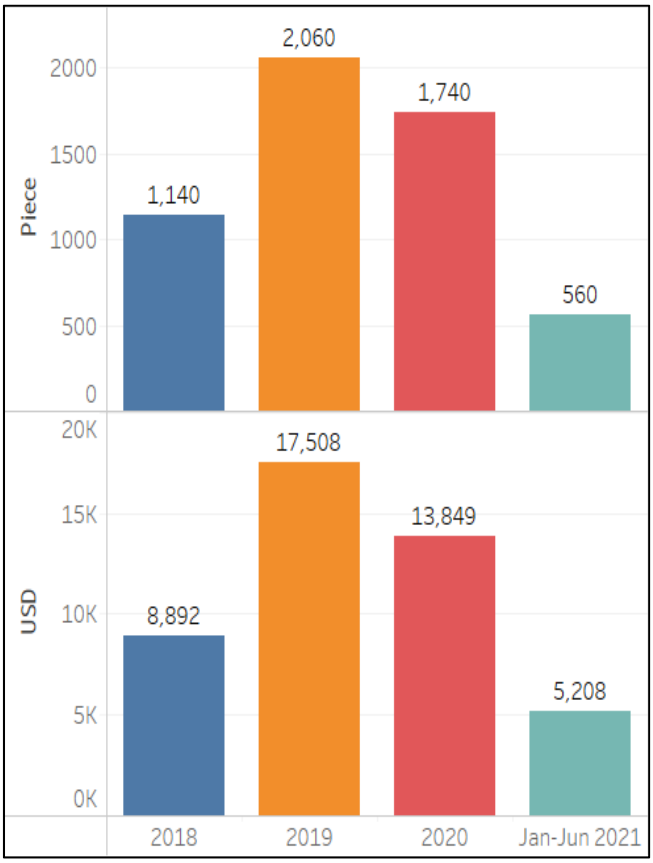

Figure 10. Volume (pieces) and value (USD) of Vietnam's packing cases that included the high-risk species faux acajen exported to Japan, January 2018–June 2021

Source: Authors' own calculation based on Vietnam customs data.

6.7. Vietnam's exports of joinery to Japan

The products listed under HS 4418 are builders' joinery and carpentry of wood, including cellular wood panels, assembled parquet panels, shingles, and shakes.

There were approximately 40 timber species used in the products exported to Japan. Table 9 shows Vietnam's total joinery products exported to Japan from January 2018 to June 2021.

Table 9. Volume (pieces) and value (USD) of Vietnam's joinery exported to Japan, January 2018–June 2021

Year	*Volume (pieces)*	*Value (USD)*
2018	54,475	53,057,472
2019	49,271	52,829,188
2020	48,812	48,886,442
Jan–Jun 2021	28,786	28,906,691

Source: Authors' own calculation based on Vietnam customs data.

Rubber, oak, ash, and pine are the major species used in these products. High-risk species were also used in joinery products exported to Japan from January 2018 to June 2021: keruing (*Dipterocarpus* spp.), padauk (*Pterocarpus* spp.), pyinkado (*Xylia xylocarpa*), terminalia (*Terminalia alata*), and wenge (*Millettia* spp.). Figure 11 presents the value of the exported products that were made using these high-risk species. Keruing was the most commonly used until 2020 (Table 10). By June 2021, except for padauk, the use of these species was small. In general the level of risk is small and has been reducing.

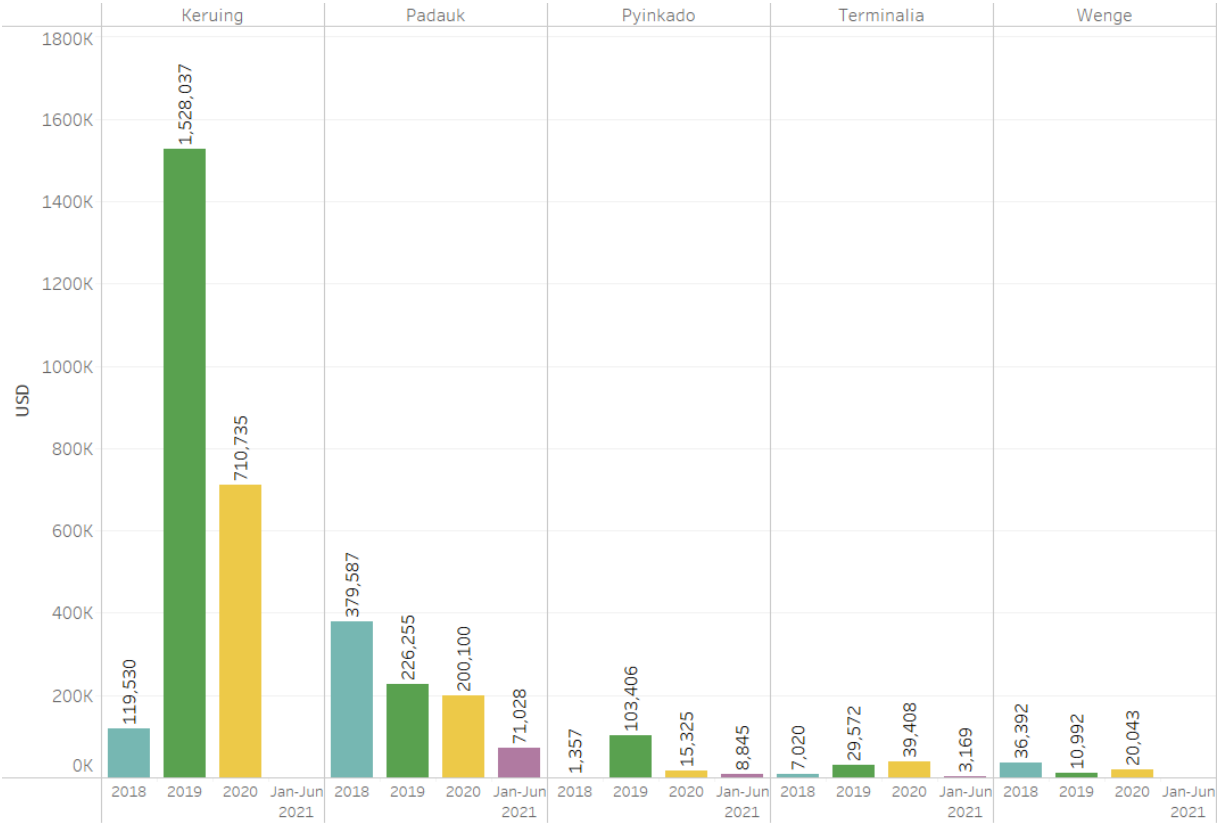

Figure 11. The value (USD) of joinery products exported to Japan, January 2018–June 2021, that were made using high-risk species

Source: Authors' own calculation based on Vietnam customs data.

Table 10. Volume (pieces) and value (USD) of high-risk species in joinery products exported to Japan from Vietnam, January 2018–June 2021

Species	*Volume (pieces)*				*Value (USD)*			
	2018	*2019*	*2020*	*Jan–June 2021*	*2018*	*2019*	*2020*	*Jan–June 2021*
Pyinkado (*Xylia xylocarpa*)	1	43	7	4	1,357	103,406	15,325	8,845
Terminalia (*Terminalia alata*)	5	11	22	1	7,020	29,572	39,408	3,169
Padauk (*Pterocarpus* spp.)	139	73	78	29	379,587	226,255	200,100	71,028
Keruing (*Dipterocarpus* spp.)	81	986	447	0	119,530	1,528,037	710,735	0
Wenge (*Millettia* spp.)	18	6	11	0	36,392	10,992	20,043	0

Source: Authors' own calculation based on Vietnam customs data.

6.8. Vietnam's exports of tableware to Japan

Products under the HS 4419 group refer to tableware and kitchenware made of wood, such as chopping boards and chopsticks. Annually, Vietnam exported over 500 million pieces of tableware to Japan, valued at around $20 million US (Table 11). Styrax (*Styrax tonkinensis*) and magnolia (*Magnolia conifer*), which are grown in Vietnam, were commonly used in the products.

Table 11. Volume (pieces) and value (USD) of Vietnam's tableware products exported to Japan, January 2018–June 2021

Year	*Volume (pieces)*	*Value (USD)*
2018	502,330,463	18,970,449
2019	538,674,407	22,493,550
2020	556,390,749	21,188,617
Jan–Jun 2021	262,885,484	9,773,866

Source: Authors' own calculation based on Vietnam customs data.

Faux acajen (*Khaya senegalensis*) and sapelli (*Entandrophragma* spp.) were high-risk species used in the products exported to Japan. Table 12 shows the volume and value of the products that were made from these species from January 2018 to June 2021.

Table 12. Volume (pieces) and value (USD) of high-risk species in tableware products exported to Japan, January 2018–June 2021

Species	*Volume (pieces)*				*Value (USD)*			
	2018	*2019*	*2020*	*Jan–Jun 2021*	*2018*	*2019*	*2020*	*Jan–Jun 2021*
Faux acajen (*Khaya senegalensis*)	211,041	620,790	474,317	295,750	160,802	261,971	253,131	183,408
Sapelli (*Entandrophragma* spp.)	1,000	0	0	0	1,200	0	0	0

Source: Authors' own calculation based on Vietnam customs data

6.9. Vietnam's exports of marquetry to Japan

Products under HS 4420 refer to wood marquetry and inlaid wood, caskets and cases for jewelry or cutlery, and similar articles of wood, statuettes and other ornaments of wood, and wooden articles of furniture not falling under HS 94. Each year from January 2018 to June 2021, Vietnam exported about one million pieces of marquetry to Japan, valued at approximately $4 million US (Table 13).

Table 13. Volume (pieces) and value (USD) of Vietnam's marquetry products exported to Japan, January 2018–June 2021

Year	*Volume (pieces)*	*Value (USD)*
2018	2,273,180	4,312,958
2019	2,101,233	3,688,476
2020	2,064,659	4,252,397
Jan–Jun 2021	1,028,860	2,100,418

Source: Authors' own calculation based on Vietnam customs data

There are a wide range of species used in marquetry exported to Japan, among which rubber and faux acajen are the most common.

Figure 12 shows the high-risk species used in marquetry products exported to Japan and the value of these products. Among the high-risk species, faux acajen (*Khaya Khaya senegalensis*) and sapelli (*Entandrophragma* spp.) are most commonly used. While the use of sapelli dropped in 2020, the use of faux acajen increased considerably.

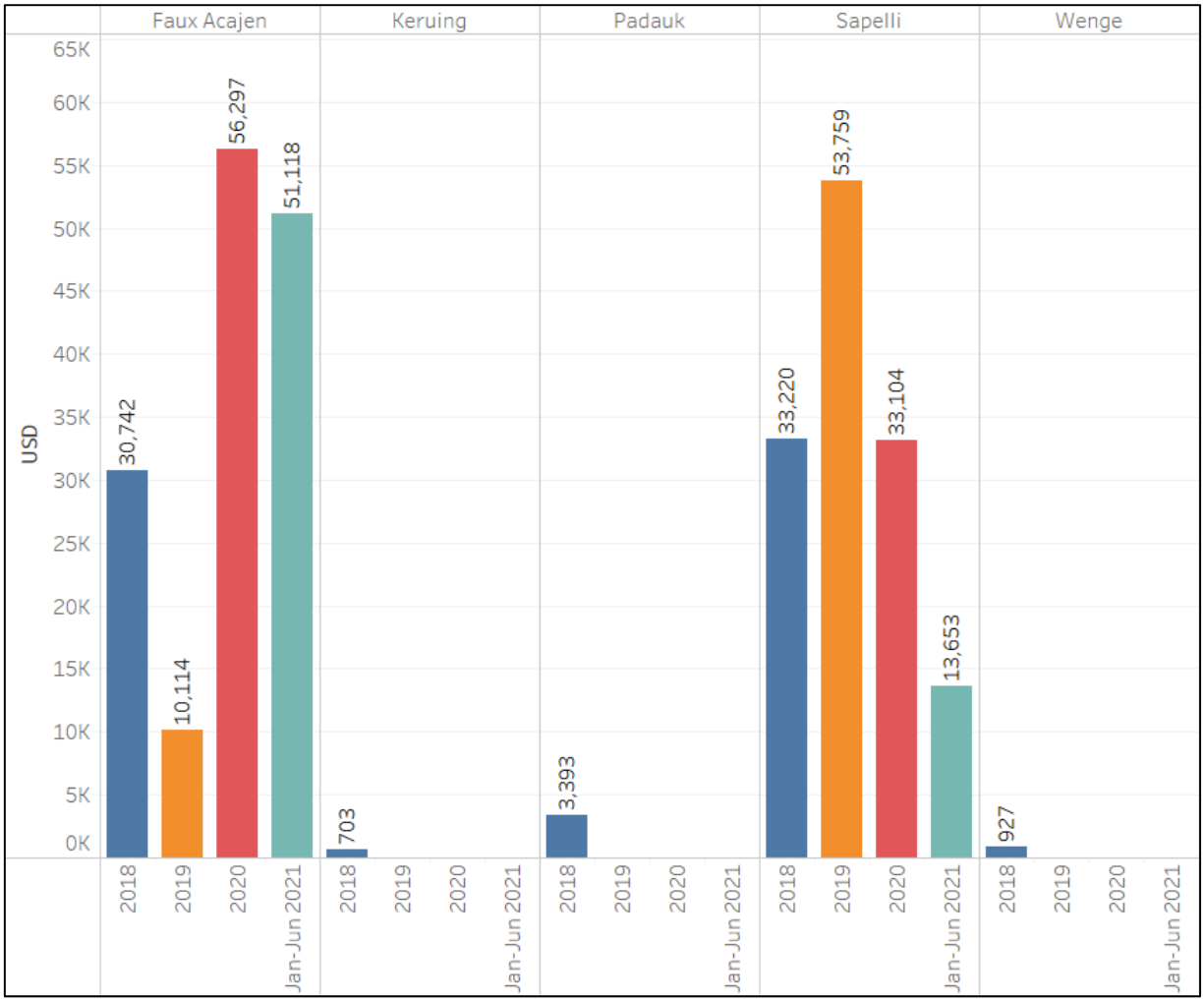

Figure 12. Value (USD) of Vietnam's marquetry products exported to Japan, January 2018–June 2021, that were made using high-risk species

Source: Authors' own calculation based on Vietnam customs data

6.10. Vietnam's exports of other articles of wood to Japan

Products under HS 4421 refer to other articles of wood. Table 14 shows the volume and value of products in this group that Vietnam exported to Japan from January 2018 to June 2021.

Table 14. Volume (pieces) and value (USD) of Vietnam's exports of other articles of wood to Japan, January 2018–June 2021.

Year	*Volume (pieces)*	*Value (USD)*
2018	3,441,159	43,422,775
2019	5,280,806	43,364,709
2020	7,124,371	43,764,652
Jan–Jun 2021	3,247,671	23,051,981

Source: Authors' own calculation based on Vietnam customs data

There were 20 species used in the products exported to Japan every year, among which rubber (*Hevea brasiliensis*) and benzoe (*Styrax tonkinensis*) were commonly used. High-risk species such as sapelli, terminalia, and white seraya (*Parashorea* spp.) were used in the products, among which sapelli was most common (Figure 13).

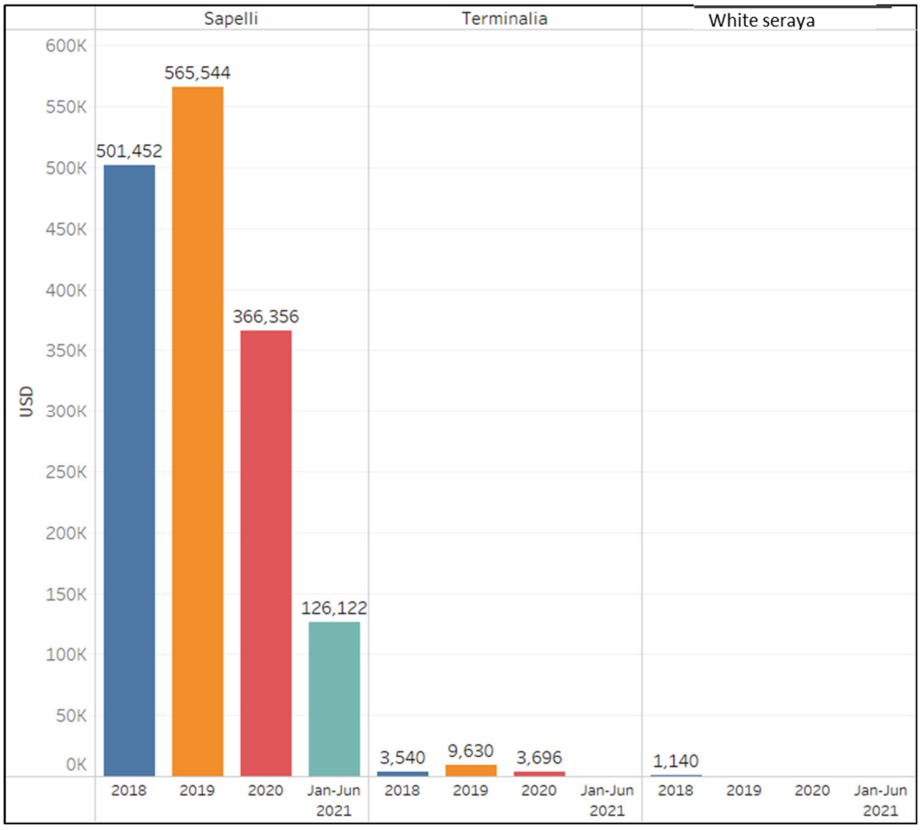

Figure 13. Value (USD) of other timber articles exported to Japan from Vietnam, January 2018–June 2021, that were made using high-risk species

Source: Authors' own calculation based on Vietnam customs data

6.11. Vietnam's exports of seats to Japan

Products under HS 9401 include seats (different to those in HS 9402), whether or not they are convertible into beds, and parts thereof.

Seats are one of the most important product groups Vietnam exported to Japan. Table 15 shows the volume and value of seats exported to Japan from January 2018 to June 2021. The export is expanding. Rubber, oak, eucalyptus, and acacia were the most commonly-used species in the products.

Table 15. Volume (pieces) and value (USD) of Vietnam's exports of timber seats to Japan, January 2018–June 2021

Year	*Volume (pieces)*	*Value (USD)*
2018	3,284,047	97,989,977
2019	4,514,092	121,624,509
2020	5,485,837	129,546,529
Jan–Jun 2021	3,151,134	70,754,173

Source: Authors' own calculation based on Vietnam customs data

High-risk species were identified in the products exported to Japan, including rosewood (*Delbergia* spp.), pachyloba (*Afzelia* spp.), and particularly faux acajen (*Khaya Khaya senegalensis*). Figure 14 shows the value of the products that used high-risk species.

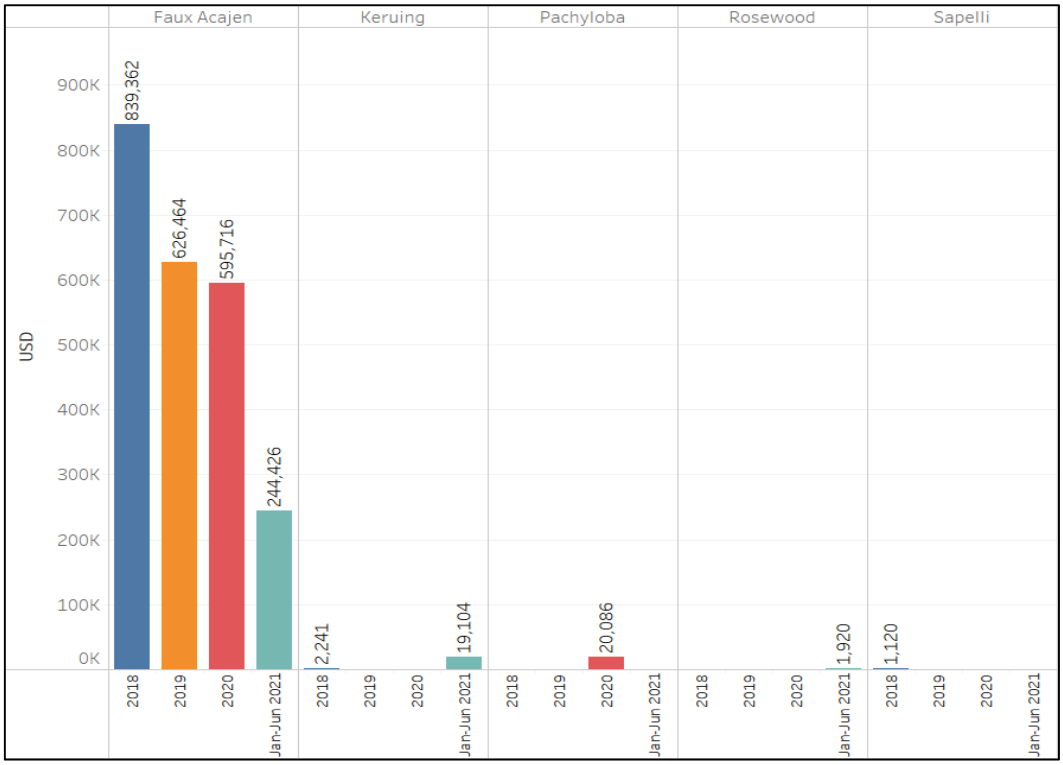

Figure 14. Value (USD) of Vietnam's exports of seats to Japan, January 2018–June 2021, that were made using high-risk species

Source: Authors' own calculation based on Vietnam customs data

6.12. Vietnam's exports of office furniture to Japan

Products under HS 94033 refer to wooden furniture of a kind used in offices. Office furniture is one of the most important product groups exported to Japan and exports are expanding (Table 16). There are numerous species used in the products. Rubber, oak, ash, and pine are those most-commonly used.

Table 16. Volume (pieces) and value (USD) of Vietnam's exports of wooden furniture to Japan, January 2018–June 2021

Year	*Volume (pieces)*	*Value (USD)*
2018	2,399,197	74,077,674
2019	2,419,098	76,568,034
2020	2,668,260	84,735,958
Jan–Jun 2021	1,119,872	36,427,029

Source: Authors' own calculation based on Vietnam customs data

There were some high-risk species identified in the products exported to Japan (Table 17). Sapelli was used quite substantially in 2019–2020. However, this species was not found in the products in the first half of 2021. While padauk was not used in 2018–2020, it was found in the products exported to Japan in the first half of 2021.

Table 17. Volume (pieces) and value (USD) of Vietnam's wooden furniture exported to Japan, January 2018–June 2021, that was made using high-risk species

Species	*Volume (pieces)*				*Value (USD)*			
	2018	*2019*	*2020*	*Jan–Jun 2021*	*2018*	*2019*	*2020*	*Jan–Jun 2021*
Padauk (*Pterocarpus* spp.)	0	0	0	3	0	0	0	676
Faux acajen (*Khaya Khaya senegalensis*)	198	0	0	0	4,200	0	0	0
Sapelli (*Entandrophragma* spp.)	36	200	125	0	8,200	38,100	11,875	0

Source: Authors' own calculation based on Vietnam customs data

6.13. Vietnam's exports of kitchen furniture to Japan

Products under HS 94034 refer to wooden furniture of a kind used in kitchens. This group is one of the most important product groups exported to Japan. Table 18 shows the volume and value of the products in this group exported to Japan from January 2018 to June 2021.

Table 18. Volume (pieces) and value (USD) of Vietnam's exports of kitchen furniture to Japan, January 2018–June 2021

Year	*Volume (Pieces)*	*Value (USD)*
2018	666,258	38,484,392
2019	768,758	55,327,302
2020	926,693	64,493,845
Jan–Jun 2021	458,511	64,493,845

Source: Authors' own calculation based on Vietnam customs data

Rubber, pine, and acacia are the major species used in kitchen furniture products, with rubber being used the most. There were 70 pieces of products made from high-risk sapelli species valued at $5,946 US exported to Japan in 2018. Generally, the level of high-risk species used in kitchen

furniture was low, mainly because the main material used for kitchen furniture is wood-based panels (e.g., plywood and MDF) made from domestic plantation timber species (mainly acacia, some eucalyptus, and magnolia).

6.14. Vietnam's exports of bedroom furniture to Japan

Products in this group refer to wooden furniture of a kind used in bedrooms. Bedroom furniture is one of the most important product groups Vietnam exported to Japan. Table 19 presents the volume and value of the products in this group exported to Japan from January 2018 to June 2021.

Table 19. Volume (pieces) and value (USD) of Vietnam's exports of bedroom furniture to Japan, January 2018–June 2021

Year	*Volume (pieces)*	*Value (USD)*
2018	1,406,246	103,678,603
2019	1,481,526	107,425,312
2020	1,740,297	112,705,336
Jan–Jun 2021	760,054	49,557,020

Source: Authors' own calculation based on Vietnam customs data

Rubber, MDF, and pine were most commonly used in bedroom furniture products. In terms of high-risk species in the products exported to Japan from January 2018 to June 2021, 60 pieces of bedroom furniture valued at $540 US used rosewood (*Delbergia* spp.). Generally, the level of high-risk species used in bedroom furniture was low, because the main materials used are rubber, pine, and MDF made from domestic plantation timber species.

6.15. Vietnam's exports of other wooden furniture to Japan

Products under HS 94036 refer to other wooden furniture, which are important for Vietnam in terms of export value derived from Japan. Each year Vietnam exports to Japan approximately 2 million pieces of the products in this group, valued at over $100 million US (Table 20). There are a large number of species used in the products, among which rubber, pine, acacia, walnut, oak and ash are most common.

Table 20. Volume (pieces) and value (USD) of Vietnam's exports of other wooden furniture to Japan, January 2018–June 2021

Year	*Volume (pieces)*	*Value (USD)*
2018	1,894,586	111,960,808
2019	2,069,451	118,192,327
2020	2,050,323	107,297,023
Jan–Jun 2021	1,155,482	54,634,912

Source: Authors' own calculation based on Vietnam customs data

Some high-risk species were used in the products exported to Japan, including faux acajen (*Khaya Khaya senegalensis*), terminalia (*Terminalia alata*), rosewood (*Delbergia* spp.), and pyinkado (*Xylia xylocarpa*). Figure 15 shows the value of products exported to Japan from January 2018 to June 2021 that were made using high-risk species. While the use of terminalia is decreasing, the use of rosewood and faux acajen are increasing.

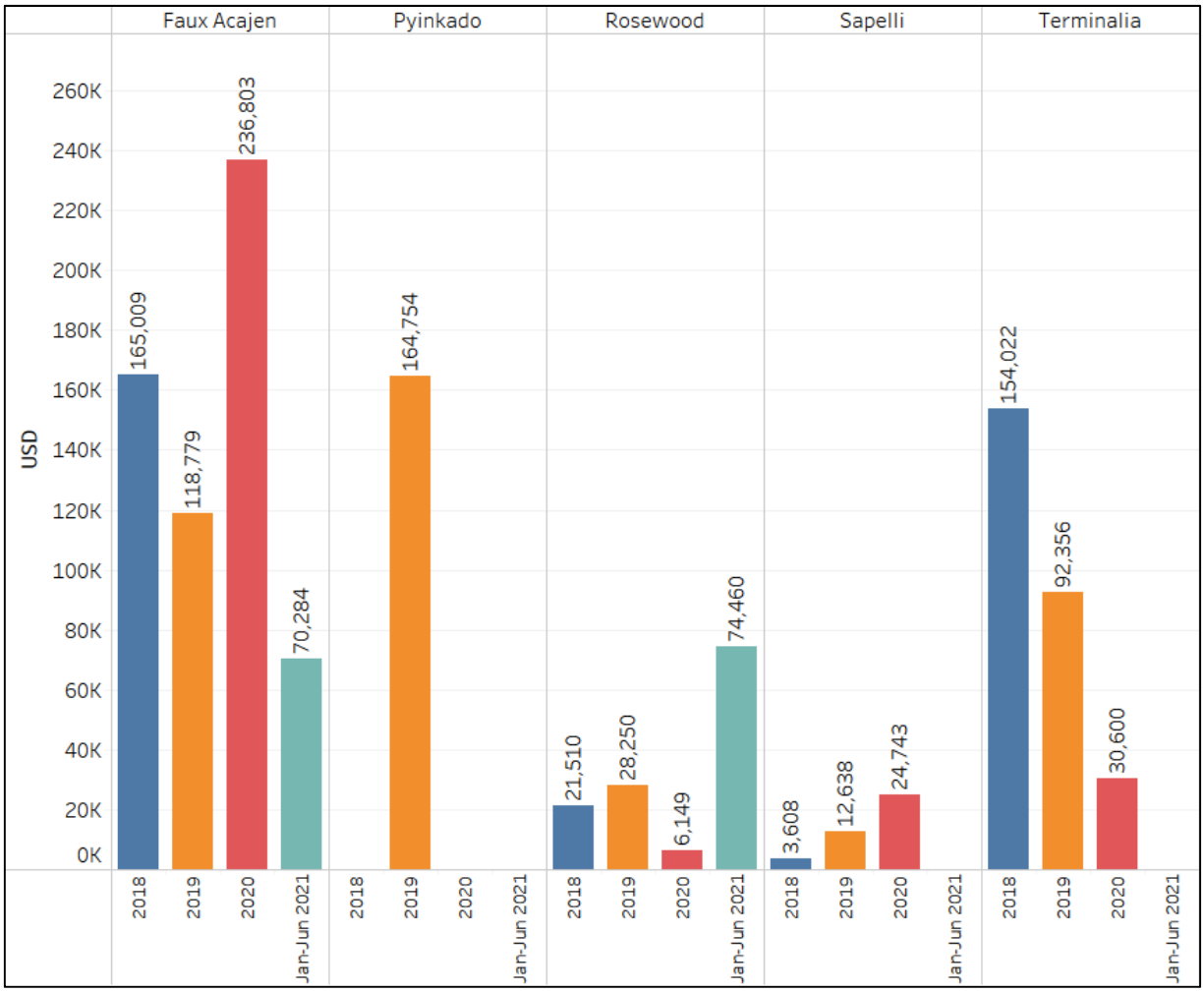

Figure 15 The value (USD) of other wooden furniture exported to Japan, January 2018–June 2021, that were made using high-risk species

Source: Authors' own calculation based on Vietnam customs data

7. Vietnam's exports to Japan of timber products made using high-risk imported species

The general information for each product group exported to Japan and the level of risk associated with each group is summarized in Table 21 and Table 22. This research highlighted some key findings concerning the use of high-risk species in the timber products exported to Japan:

- Importer high-risk species made in the products exported to Japan were small in value and had been reducing. The share of timber products made from imported high-risk timber showed a slight downward trend of 0.3% (2018), 0.4% (2019), 0.2% (2020), and 0.2% (January-June 2021). In addition, the number of high-risk tree species used in products has decreased, from 13 in 2018 to 11 in 2019 and 2020 and 10 in the first half of 2021.
- Among the high-risk species used in products, keruing (*Dipterocarpus* spp.), Faux acajen (*Khaya senegalensis*), padauk (*Pterocarpus* spp.), sapelli (*Entandrophragma* spp.), and white seraya (*Parashorea* spp.) were the most common. These species were imported to Vietnam from Cambodia, Laos, and African countries.
- The use of high-risk species varied among the product groups. In value terms, sawn timber shows the highest percentage of risk species used, at 11.9%. However, the export volume was insignificant, and no risk species were found in 2020 and 2021. High-risk species were also identified in the products of flooring (HS 4409), packing (HS 4415), joinery (HS 4418), tableware (HS4419), marquetry (HS 4420), and other articles of wood (HS 4421) at a rate between 1% and 5% in terms of value. High-risk species were also found in the products that use wood-based panels as key materials (e.g., office furniture, kitchen furniture, bedroom furniture). However, the likelihood of high-risk species being used in these products was very low. High-risk species were not found in a wood chips, pellets, and plywood. However, some products may use tropical hardwood species for the face/back of plywood, without declaration.

There may be several reasons why the use of high-risk species in the products exported to Japan is decreasing. Firstly, the global legality framework may have contributed to a better understanding of the importance of protecting tropical forests and reducing market demands on products made from tropical timber. Secondly, legality requirements in both source and consumer countries have been improved, leading to increased difficulties in trading and consuming high-risk tropical species. Thirdly, the availability of high-risk species on the market has been reducing. However, it should also be noted that high-risk species are most likely imported into Vietnam for domestic consumption and export to specific countries.

Table 21. Percentage of imported high-risk tree species used in timber products exported from Vietnam to Japan between 2018 to Jan-Jun 2021

Percentage of imported high-risk tree species	***Timber product groups***
0%	HS 440122 (Wood chips), HS 440131 (Wood pellets), HS 4412 (Plywood)
Greater than 0%, less than 0.1	HS 94033 (Office furniture), HS 94034 (Kitchen furniture), HS 94035 (Bedroom furniture)
0.1% or more, less than 1%.	HS 9401 (Seats), HS 94036 (Other wood furniture products)
1% or more, less than 5%.	HS 4409 (Flooring), HS 4415 (Packing), HS 4418 (Joinery), HS 4419 (Tableware), HS 4420 (Marquetry), HS 4421 (Other articles of wood)
5% or more, less than 10%.	-
10% or more	HS 4407 (Sawn timber)

Table 22. Vietnam's exports of timber products to Japan and the presence of high-risk species in products, January 2018–June 2021

Product	*Overview of export*	*Presence of high-risk species in products*
HS 440122 (Wood chips)	The most important product exported to Japan. The annual export value was around $400–500 million US (over 3 million tons). Acacia was commonly used, eucalyptus, and pine (domestic plantation timber) were also used.	No high-risk species identified in the products from January 2018 to June 2021.
HS 440131 (Wood pellets)	One of the major products exported to Japan. The annual export volume in 2020 was 1.2 million tons, valued at nearly $160 million US. Raw materials used to produce wood pellets include sawdust, shavings, twigs, and planted timber. Acacia was commonly used, also rubber tree, eucalyptus, and pine.	No high-risk species identified in the products from January 2018 to June 2021. However, some proportion of pellets may be produced from the residues of high-risk species, depending on their sources.
HS 4407 (Sawn timber)	Export value is small and has been substantially decreasing. In 2020 the export value was below $170,000 US. The exported volume was 550 m^3. In the first half of 2021 it was less than $70,000 US. The exported volume was about 300 m^3.	Although the volume and value of high-risk tree species are small, their percentage is relatively high compared to other products in value terms: in 2018, it was $61,000 US (22.4%), and in 2019, less than $31,000 US (11.8%). No high-risk species were identified in products between January 2020 and June 2021.
HS 4409 (Flooring)	7,000–8,000 m^3, $7–8 million US/year. Over 20 species used in the products. Exports have been decreasing since 2019. Commonly used species are benzoe (*Ficus religiose*) and acacia (domestic plantation), poplar, pine, and oak (imported).	Five high-risk species identified in products between January 2018 and June 2021. Although the volume and value of exports of products made from high-risk tree species decreased significantly, the percentage of exports was higher than for other product groups. In value terms, the percentages were 6.5% in 2018, 2.6% in 2019, 1.4% in 2020, and 3.2% in 2021 Jan-Jun.
HS 4412 (Plywood)	One of the major products exported to Japan. Annual export value is around $40–50 million US. Acacia is commonly used, also eucalyptus and styrax *(Styrax tonkinesis*)	No high-risk species identified in the products from January 2018 to June 2021. However, some products may use tropical hardwood such as ocume (*Aucoumea klaineana*), bintangor (*Calophyllum pulcherrimum*), and MLH for the face/back of plywood. Due to the lack of requirements and the small proportion of these species used in the product, exporters usually do not declare these species. The species most commonly used for face-backs is birch, which is imported mainly from China, although some birch may be harvested in Russia and traded via China.

HS 4415 (Packing)	Export value is small (under $1 million US/year). Commonly used species are pine, acacia, and rubber (domestic plantation).	Faux acajen *(Khaya senegalensis)* was the only high-risk species found in products. The value and share of exports of the products containing this species were highest in 2019, at approximately US$17,000 (2.2%).
HS 4418 (Joinery)	One of the major products exported to Japan. Annual export value is around $50 million US. Of the 40 species used in these products, rubber (domestic plantation timber), oak, ash, and pine (imported) are most prominent.	Five high-risk species were identified in products exported between January 2018 and June 2021. The export value of the products using high-risk species increased from 1% of the total export value of this product group in 2018 to 3.6% in 2019 and stayed at this level in 2020. It then dropped in the first half of 2021. Keruing (Dipterocarpus spp.) and padauk (*Pterocarpus* spp.) were most commonly used.
HS 4419 (Tableware)	Annual export value is about $20 million US. Styrax and magnolia (domestic plantation timber) are commonly used.	The high-risk species faux acajen (*Khaya senegalensis*) and sapelli (*Entandrophragma* spp.) were used in these products. However, sapelli has not been used since 2019. The highest percentage of exports of the products made from high-risk species was 2021 Jan-June, at 1.9% in terms of value.
HS 4420 (Marquetry)	Annual export value is small, at around $4 million US. Rubber (domestic timber), chestnut, pine, and oak (imported) are commonly used.	Five high-risk species were identified in products, most notably faux acajen (*Khaya senegalensis*) and sapelli (*Entandrophragma* spp.). The value of products made from high-risk species accounted for 1.6% (in 2018) to 3.1% (in 2021 Jan-Jun) of the total export value of products in this group.
HS 4421 (Other articles of wood)	Annual export value is over $40 million US. Around 20 species are used in these products each year, of which rubber and styrax are most common.	Three high-risk species were identified in these products, most commonly sapelli (*Entandrophragma* spp.). The share of the products that used high-risk species was highest at 1.3% in 2019, then decreased.
HS 9401 (Seats)	One of the most important export product groups. Annual export value is around $120 million US. Export has been expanding. Rubber, acacia (domestic), eucalyptus (both domestic and imported), and oak (imported) are commonly used.	Five high-risk species were identified in exported products, with faux acajen (*Khaya senegalensis*) making up the biggest proportion of the high-risk species export value. The value of products made from high-risk species ranged from 0.4% (in first half 2021) to 0.9% (in 2018) of the total export value of this product group.
HS 94033 (Office furniture)	An important product group exported to Japan. Annual export value is around $80 million US. Rubber (domestic), oak, ash, and pine (imported) are commonly used.	Three high-risk species were identified in the products. However, the level of risk was very low at 0.002-0.050%.

HS 94034 (Kitchen furniture)	An important export product group. Annual export value is $60 million US. Rubber, acacia (domestic), and pine (imported) are commonly used.	There was only one high-risk species identified in the products. The export value of products using this species was very small. Since 2019 there were no high-risk species in the products.
HS 94035 (Bedroom furniture)	One of the most important exported products. Annual export value is $110 million US.	Highly negligible. Rosewood was identified in some products in 2018 but the export value was very small. Since 2019 no high-risk species have been identified.
HS 94036 (Other wood furniture products)	An important product group exported to Japan. Export value is around $110 million US per year. Rubber, acacia (domestic), pine, walnut, and oak (imported) are commonly used.	Five high-risk species were identified in products between January 2018 and June 2021. The value of products using high-risk species ranged from 0.26% to 0.35% of the total export value of this product group.

8. Conclusion and recommendations to importing countries

In Vietnam, Decree 102 stipulates risk criteria, including geographical risk (divided into positive and non-positive geography) and timber species risk (divided into low risk and high risk). Under Decree 102, almost all tropical timber species imported into Vietnam were high-risk, as they were from countries not listed in the positive geographical area list. Informed by the Vietnamese legal frameworks, this study generated an overview of Vietnam's timber products exported to Japan, including the types of products and the level of risks associated with timber species used in those products, in order to improve legal timber harvest and trade (Tables 21 and 22).

Based on the results of this study of the Vietnamese legal framework for risk timber and the export profile to Japan, the following points are considered important to evaluate the legality of timber products imported from Vietnam. Although timber exports from Vietnam vary in volume and product type depending on the destination country, and may also differ in terms of the timber species used in the products, the recommendations based on the findings of this study are applicable to all countries importing timber products from Vietnam.

- Evaluate the illegal risk of timber imported from Vietnam by the source of timber (i.e., domestic plantation timber or imported timber). It is important to know the species used in the product and distinguish whether the species is Vietnam's plantation timber or imported.
- Be familiar with the high-risk species identified under Vietnam's Decree 102. If imported wood is used, determine the species and country of origin. Then, refer to the risk criteria and published lists to verify if the imported wood products use species that are high risk under Vietnam's Decree 102.
- If imported products contain high-risk species as defined by Decree 102, ask the supplier to obtain and share a copy of Form 3 (Declaration of origin of imported timber) of Decree 102. It provides information on the importer and supplier of the imported high-risk timber in question and what document was used to demonstrate the legality. Therefore, the copy can be regarded as proof of due diligence of imported high-risk timber when imported to Vietnam, which helps evaluate the risks of high-risk species used in the given products.
- Need to understand that the Vietnamese legal frameworks may include different risk understanding and criteria from importing countries. Accordingly, there would be occasions in which importers need to evaluate the risks following criteria set in importing countries, using information included in Form 3 and the documentation used for import into Vietnam.
- Check whether their Vietnamese suppliers are classified as Category I or II enterprises according to the Vietnam government classification system. This is a part of the risk evaluation of their supply chains. It is noted that the Vietnamese enterprise classification list is ongoing and not yet complete.

It should be noted that only two years have passed since the enactment of Decree 102, and the due diligence concept and practice are still at an early stage in Vietnam. The interview and questionnaire survey indicate that due diligence by Vietnamese importers and/or information

flow along the supply chain actors is not fully implemented. Therefore, importers dealing with products containing high-risk species should obtain understanding and cooperation from their Vietnamese suppliers to establish better supply chain management systems to obtain necessary information.

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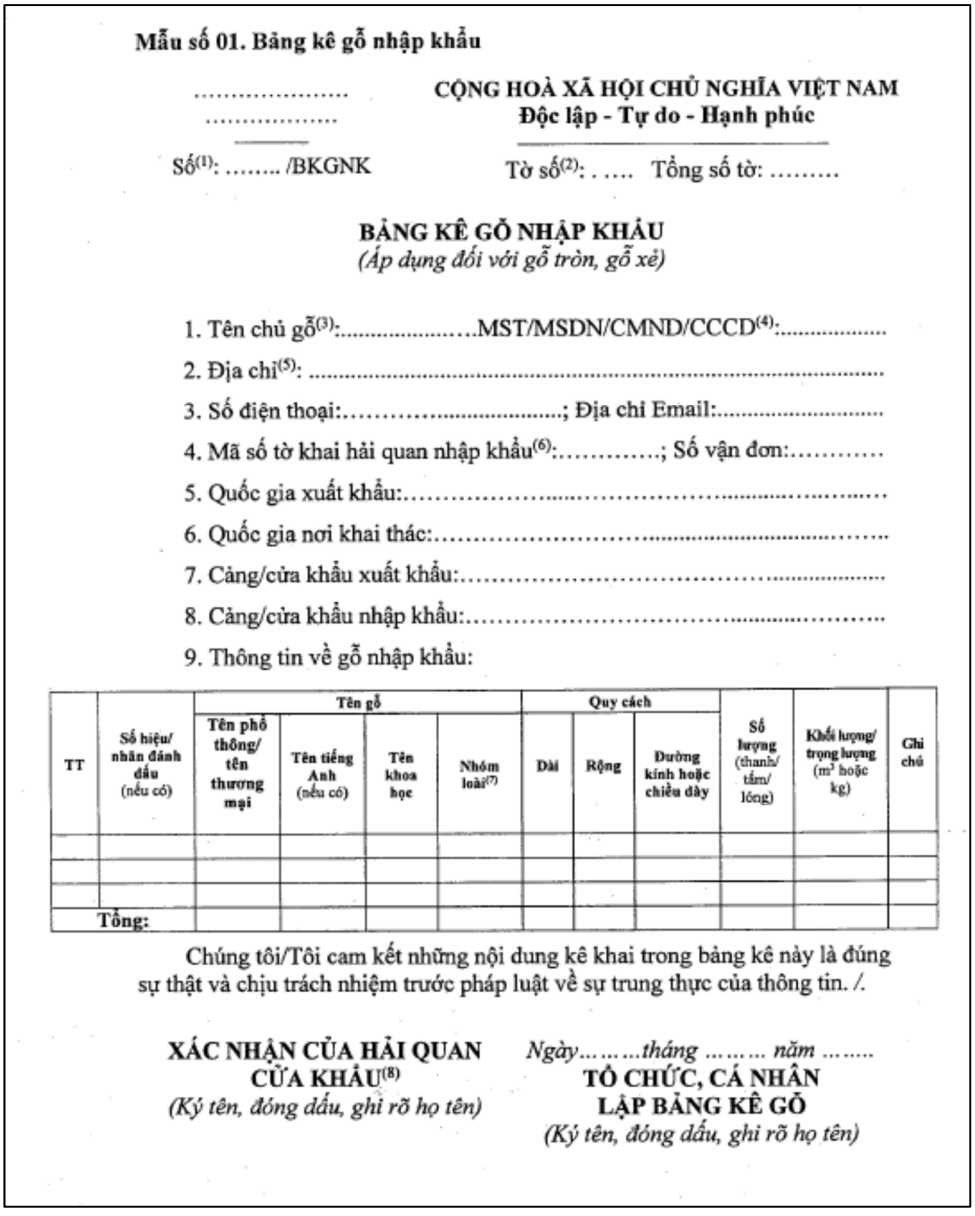
Appendix

Appendix 1. Form 1. Declaration of imported timber of the Decree 102

.



Mẫu số 01. Bảng kê gỗ nhập khẩu

…… / ……

CỘNG HOÀ XÃ HỘI CHỦ NGHĨA VIỆT NAM
Độc lập - Tự do - Hạnh phúc

Số[1]: ……. /BKGNK

Tờ số[2]: . …. Tổng số tờ: ……

BẢNG KÊ GỖ NHẬP KHẨU
(Áp dụng đối với gỗ tròn, gỗ xẻ)

1. Tên chủ gỗ[3]:……MST/MSDN/CMND/CCCD[4]:……
2. Địa chỉ[5]: ……
3. Số điện thoại:……; Địa chỉ Email:……
4. Mã số tờ khai hải quan nhập khẩu[6]:……; Số vận đơn:……
5. Quốc gia xuất khẩu:……
6. Quốc gia nơi khai thác:……
7. Cảng/cửa khẩu xuất khẩu:……
8. Cảng/cửa khẩu nhập khẩu:……
9. Thông tin về gỗ nhập khẩu:

TT	Số hiệu/ nhãn đánh dấu (nếu có)	Tên gỗ				Quy cách			Số lượng (thanh/ tấm/ lóng)	Khối lượng/ trọng lượng (m^3 hoặc kg)	Ghi chú
		Tên phổ thông/ tên thương mại	Tên tiếng Anh (nếu có)	Tên khoa học	Nhóm loài[7]	Dài	Rộng	Đường kính hoặc chiều dày			
Tổng:											

Chúng tôi/Tôi cam kết những nội dung kê khai trong bảng kê này là đúng sự thật và chịu trách nhiệm trước pháp luật về sự trung thực của thông tin. /.

XÁC NHẬN CỦA HẢI QUAN CỬA KHẨU[8]
(Ký tên, đóng dấu, ghi rõ họ tên)

Ngày……tháng …… năm ……
TỔ CHỨC, CÁ NHÂN LẬP BẢNG KÊ GỖ
(Ký tên, đóng dấu, ghi rõ họ tên)

Unofficial translation of Declaration of imported timber of the Decree 102

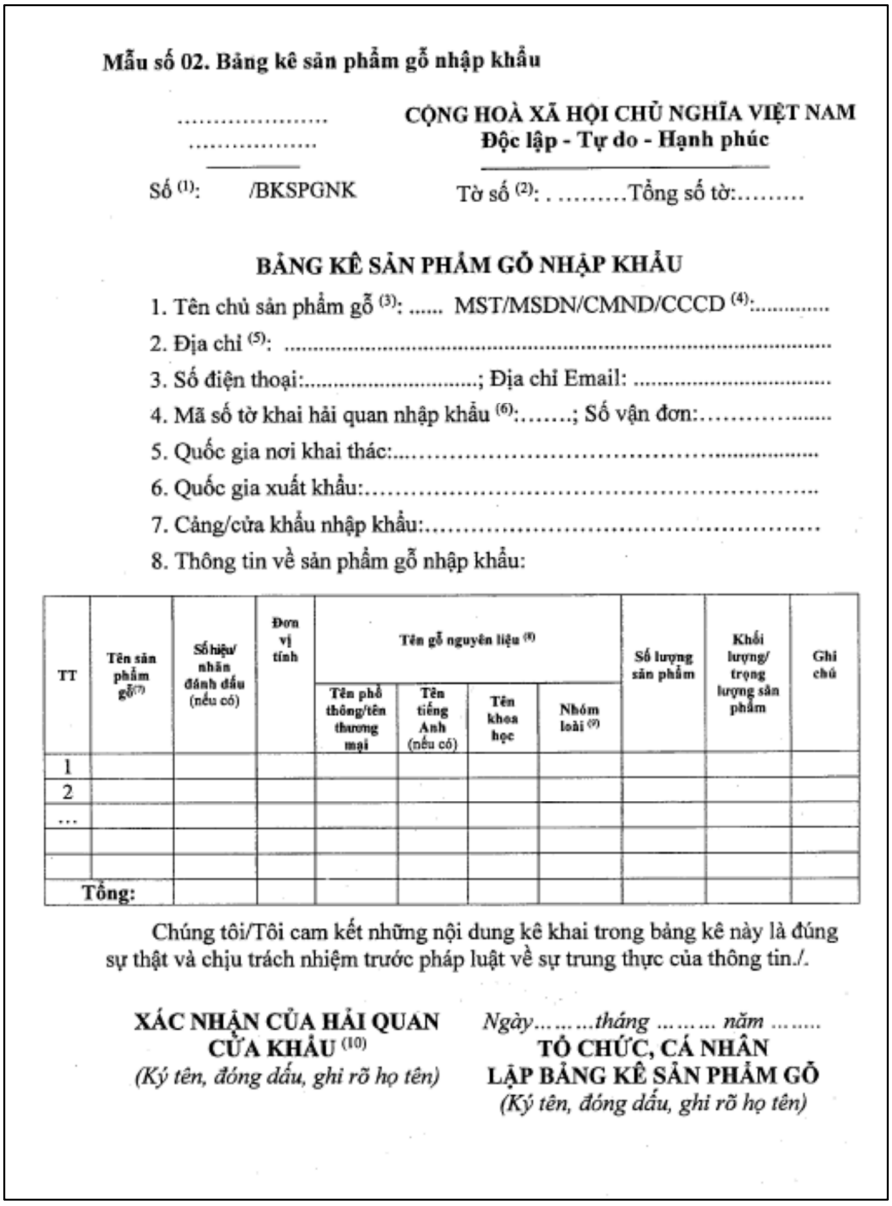
1. Name of the timber owner…. Tax identification number/Identification number
2. Address
3. Telephone… Email
4. Number of Customs declaration form… Bill of Lading
5. Exporting country
6. Country of harvest

7. Export port/border point
8. Import port / border point
9. Information on imported timber
    a. Mark or identification code (if any)
    b. Species names
        i. Trade name
        ii. English name (if any)
        iii. Scientific name
        iv. Species category
    c. Measurement
        i. Length
        ii. Width
        iii. Diameter or thickness
    d. Number (plank, piece)
    e. Volume (kg or m3)

Certified by customs authority at import port/border points (signed and stamped)

Declared by individual or organization (owner) (signed and stamp)

Appendix 2. Form 2. Declaration of imported timber products of the Decree 102



Mẫu số 02. Bảng kê sản phẩm gỗ nhập khẩu

…….
……

CỘNG HOÀ XÃ HỘI CHỦ NGHĨA VIỆT NAM
Độc lập - Tự do - Hạnh phúc

Số [1]: /BKSPGNK

Tờ số [2]: . ……Tổng số tờ:……

BẢNG KÊ SẢN PHẨM GỖ NHẬP KHẨU

1. Tên chủ sản phẩm gỗ [3]: ..... MST/MSDN/CMND/CCCD [4]:.....
2. Địa chỉ [5]: .....
3. Số điện thoại:.....; Địa chỉ Email: .....
4. Mã số tờ khai hải quan nhập khẩu [6]:.....; Số vận đơn:.....
5. Quốc gia nơi khai thác:.....
6. Quốc gia xuất khẩu:.....
7. Cảng/cửa khẩu nhập khẩu:.....
8. Thông tin về sản phẩm gỗ nhập khẩu:

TT	Tên sản phẩm gỗ[7]	Số hiệu/ nhãn đánh dấu (nếu có)	Đơn vị tính	Tên gỗ nguyên liệu [8]				Số lượng sản phẩm	Khối lượng/ trọng lượng sản phẩm	Ghi chú
				Tên phổ thông/tên thương mại	Tên tiếng Anh (nếu có)	Tên khoa học	Nhóm loài [9]			
1										
2										
…										
Tổng:										

Chúng tôi/Tôi cam kết những nội dung kê khai trong bảng kê này là đúng sự thật và chịu trách nhiệm trước pháp luật về sự trung thực của thông tin./.

XÁC NHẬN CỦA HẢI QUAN CỬA KHẨU [10]
(Ký tên, đóng dấu, ghi rõ họ tên)

Ngày……tháng …… năm ……
TỔ CHỨC, CÁ NHÂN LẬP BẢNG KÊ SẢN PHẨM GỖ
(Ký tên, đóng dấu, ghi rõ họ tên)

Unofficial translation of Declaration of imported timber products of the Decree 102

1. Name of the timber owner…. Tax identification number/Identification number
2. Address
3. Telephone… Email
4. Number of Customs declaration form… Bill of lading
5. Country of harvest
6. Country of export
7. Import port / border point

8. Information on imported timber products
    a. Product name
    b. Product code/mark
    c. Unit

Certified by customs authority at import port/border points (signed and stamped)

Declared by individual or organization (owner) (signed and stamp)

Appendix 3. Form 3. Declaration of origin of imported timber of the Decree 102

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

BẢNG KÊ KHAI NGUỒN GỐC GỖ NHẬP KHẨU

A. THÔNG TIN CHUNG VỀ LÔ HÀNG

1. Tên và địa chỉ của chủ gỗ nhập khẩu [1]:.....
2. Tên và địa chỉ của chủ gỗ xuất khẩu [2]:.....
3. Mô tả hàng hoá [3]:.....
4. Mã HS:.....
5. Tên khoa học của loài:.....
6. Tên thương mại của loài [4]:.....
7. Khối lượng/Trọng lượng/ Số lượng hàng hóa [5]:.....
8. Số vận đơn (B/L):.....
9. Số hoá đơn:.....
10. Bảng kê gỗ [6]:.....
11. Nước xuất khẩu:.....
12. Quốc gia nơi khai thác:.....

B. MỨC ĐỘ RỦI RO CỦA LÔ HÀNG NHẬP KHẨU

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

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

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

C. TÀI LIỆU BỔ SUNG

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

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

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

TT	Tên loại chứng chỉ	Số hiệu chứng chỉ	Thời hạn của chứng chỉ

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

TT	Loại giấy phép hoặc tài liệu	Số giấy phép hoặc số tài liệu	Ngày ban hành	Cơ quan/chủ thể ban hành	Ghi chú

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

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

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

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

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

❑ Đính kèm bản sao các loại tài liệu thay thế (nếu có)

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

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

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

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

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

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

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

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

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

TT	Sản phẩm, loài và quốc gia nơi khai thác	Quy định pháp luật đối với xuất khẩu gỗ của quốc gia nơi khai thác	Bằng chứng tuân thủ

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

TT	Các rủi ro	Biện pháp giảm thiểu rủi ro

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

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

Unofficial translation of Declaration of origin of imported timber of the Decree 102

A. General information of consignment

1. Name and address of importer
2. Name and address of exporter
3. Product description
4. HS
5. Scientific name of the species
6. Trade name of the species
7. Volume/weight/number of the product
8. Bill of lading
9. Invoice number
10. Log list

11. Export country
12. Country of harvest

B. Risk level of the imported consignment

Tick the relevant of the box below depending on the consignment situation

B1. Timber is not species risk and comes from positive geographies: there is no additional requirement on documentation

B2. Timber is species risk or comes from non-positive geographies: importer is required to provide additional documentation and declaration according to Section C and D below

C. Additional documentations

1. Raw material timber (e.g. HS 4403, 4406, 4407). If the species is high risk or is imported from a non-positive geography, then the importer need to declare one of the documents showing the legal harvest and to submit the following documents
    a. Voluntary certification or national certification from the export country that is recognized under Vietnam's timber legality assurance system as meeting the system's criteria
    b. Harvest permit
    c. If the country of harvest does not have harvest permit, importer is requested to provide the following documentation
    i. Documentation: Spell out clearly the type of document, number of document, date of issue, issuance authority, country of harvest, name and address of supplier, reason of harvest permit absence. The importer is required to attach a copy of these documents (if any)
    d. If the importer does not have the legal harvest document, he/she is required to provide the following information
    i. Alternative documentation substituting harvest permit: Number of document, date of issue, issuance authority, country of harvest, name and address of supplier, reason of legal harvest absence
2. Timber products (e.g. products under HS 44 and 94 except HS 4403, 4407). If the product is made from high-risk species or the species from a non-positive geography, the importer is required to declare one of the documents showing the legal harvest and to provide the following additional documentations:
    a. Voluntary certification or national certification from export country that is recognized by Vietnam as meeting the criteria under Vietnam timber legality assurance system
    b. If the importer does not harvest permit or other document proving legal harvest she/he is requested to provide the following additional information: Document showing the legality of timber, number of the document, issuance authority, date of issue, timber origin, name and address of the supplier. The importer is required to provide a copy of the document (if any).

D. Additional measures of the importer for mitigating timber legality risk according to legality requirements of the country of harvest

1. Information on legality requirements concerning timber export from the country of harvest: Identification of legality requirements (e.g. export ban, requirement on export permit) adopted for particular timber products or particular species.

2.	Identification of legality risk and measures for mitigating the risk: Identification of all risks associated with illegal harvest and associated trade related to the consignment according to the legality requirements in the country of harvest and recommendations for mitigating the risk.

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