



# EC–Vietnam Round Table on Meeting Market Demands for Legal and Sustainable Wood Products

## Summary Report

18 April 2008, Hanoi, Vietnam



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## OPENING AND SCENE SETTING

The round table was opened by Mr Willy Vandenberghe, Head of Cooperation section, EC Delegation to Vietnam, and Mr Tran Kim Long, Deputy Director General of International Cooperation Department, MARD. Willy Vandenberghe stressed that international customers and governments increasingly want assurances that the timber they buy is from legal sources. The EC launched the EU FLEGT Action Plan in 2003 to reduce the amount of illegal timber entering Europe, and under the Plan has been providing support for governance reform and capacity building to countries in Africa, Latin America and Asia, including Vietnam. The EC looks forwards to work with Government of Vietnam, private sector and civil society to identify measures that Vietnam can take to ensure its imported timber are legal.

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Tran Kim Long highlighted Vietnam's past and ongoing work related to FLEGT, and stressed the country's desire to play a more active role in the FLEGT initiative. MARD will coordinate the exchange of information and any negotiations.

The opening of the round table was followed by a scenesetting session outlining the progress and key issues of FLEGT in Vietnam and the wider region. Four presentations were given in this session:



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In the discussion after the presentations, it became clear that participants, while aware of Vietnam's law enforcement and governance challenges, were unsure what the FLEGT Action Plan could contribute. There was some confusion over the nature of the Plan (was it a tool, a scheme, or a process), and over the distinction between the acronyms FLEG



The VPA process  
is recognised as  
demanding and



Both ScanCom and Carrefour are large European buyers of Vietnamese wooden furniture, mainly outdoor furniture. In response to changing market demands and strong NGO pressure, they have each adopted a responsible sourcing policy based on third-party certification of sustainability under the Forest Stewardship Council (FSC). Obtaining FSC-certified wood has proved difficult, however, owing to a limited supply in the region and gaps in the supply chain. Carrefour currently sources its certified wood from Africa and South America. It uses certified Amburana to produce garden furniture in Bolivia and certified eucalyptus to produce furniture in Vietnam. (Carrefour also uses uncertified Acacia from Vietnam and Malaysia for its furniture.) ScanCom has been forced to source all of its certified wood from Brazil.

This is processed at ScanCom's sawmills in Brazil, then shipped to its contracted manufacturers in Vietnam. The entire supply chain from the forest in Brazil to ScanCom's furniture traders is FSC chain-of-custody certified.

For the small and declining proportion of uncertified wood in their supply chains, the companies have adopted basic legality and sustainability criteria. Carrefour is also looking at using the Tropical Forest Trust's Wood Control Systems to ensure that any uncertified wood comes from controlled, legal sources. Both companies are also members of the Vietnam Forest & Trade Network (VFTN), part of WWF's Global Forest & Trade Network (see below). Network participants commit themselves to using only legal and responsible sources of wood, and working towards eventual forest or chain-of-custody certification, or both.

The presentations from ScanCom and Carrefour, and the following discussion, highlighted the sensitivity of international companies to changing consumer or NGO demands. If companies perceive a threat or opportunity they will quickly respond to changing market conditions. The lack of certified wood in Asia, however, is a major obstacle for processors, though it does mean that certified timber producers are, for the time being, price makers.

Companies would like to process wood in Vietnam because of its skilled workforce and low labour costs. If their raw materials cannot be guaranteed as legal, however, they may be forced to shift processing capacity to other countries. So any move to provide assurances of the legality of wood products, such as a FLEGT licensing scheme, is likely



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