



Workshop Identifies Issues and Opportunities as Vietnam Seeks to Meet Growing International Demand for Legal Wood Products

On October 8-9, 2009, 30 officials from the international cooperation, wood processing, forest protection, and management and planning departments of the Ministry of Agriculture and Rural Development (MARD), the customs department of the Ministry of Finance, and the Environmental Police of the Ministry of Public Security, together with representatives from the US Embassy, companies, business associations and NGOs, met in Nam Dinh to discuss the challenges Vietnam's wooden furniture exporters face in complying with new laws seeking to keep wood products made from illegal timber out of major international markets.

In 2008, Vietnam exported US\$2.8 billion of wooden furniture and other wood products, up from US\$2.4 billion in 2007 and US\$560 million in 2003. This phenomenal growth, coupled with domestic supply restrictions, has driven an equally rapid rise in Vietnam's timber imports, which supply 80% of the furniture industry's timber demand. In 2008, 63% by value of Vietnam's furniture exports went to the US and EU. However, changes in these markets in



trees with 20-cm diameter are now available; the smallest diameter that can be used to make furniture is 18 cm.

NAFOCO is therefore supply-constrained: to grow it needs access to more legal timber. In 2008, the President of IKEA met the Prime Minister of Vietnam to ask for permission to acquire 200,000 hectares on which to develop a plantation, but the negotiations failed. Indeed, there is currently no significant foreign investment in Vietnam's plantation sector. This has broader significance because if Vietnam could expand its domestic timber supply it would reduce pressure on countries with weak forest management and potentially allow it to benefit from an international REDD market.

Workshop presentations by Truong Thanh, Pisico and NAFOCO explained how they have already put in place supply chain management systems. Truong Thanh and Pisico have an FSC-certified COC. At present, 176 FSC COC certificates have been issued in Vietnam, of which 149 are for furniture companies. As there are about 700 wooden furniture exporters in Vietnam, this suggests that up to 20% of these companies could already meet EU and US import requirements. These companies could form a core group that supports modernization industry-wide. Since Truong Thanh, Pisico, and NAFOCO established supply chain management systems without consulting each other, there is clearly scope for greater

Third, VIFORES and HAWA have volunteered to coordinate industry input to MARD's Action Plan and to work with their members to prepare and disseminate COC guidelines and other practical information. Truong Thanh, Pisico, and NAFOCO have offered to work with other companies on FSC COC certification. Finally, IUCN in collaborate with WWF and other civil society stakeholders, is willing to continue to provide support to all stakeholders involved in exploring options for how Vietnam can best meet growing international demand for legal wood products.

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