



NATIONAL FLEGT STAKEHOLDER ANALYSIS FOR VIENAM

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ACRONYMS AND ABBREVIATIONS

DARD: Provincial Department of Agriculture and Rural Development

DoF: Department of Forestry of MARD.

EC: European Council.

EU: European Union.

FLEGT: Forest Law Enforcement Governance and Trade.

HAWA: Hochiminh City Handicraft and Wood Processing Association.

ICD: International Cooperation Department of MARD.

LD: Legal Department of MARD.

MARD: Ministry of Agriculture and Rural Development.

MF: Ministry of Finance.

MIT: Ministry of Industry and Trade.

SC: State Customs.

VIFORES: Vietnam Forest and Forest Products Association.

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Special thanks belong to to all who are interested in FLEGT issues and provided constructive response to the questionnaire which, the first time in Vietnam, helped to make a sketch on FLEGT stakeholders and their FLEGT -related concerns.

NATIONAL FLEGT STAKEHOLDER ANALYSIS FOR VIENAM

1. Background

Responsibly managed forests are vital for social equity, ecological integrity, and economic growth. According to the World Bank's 2007 report, nearly 60 million indigenous and another 350 million people live in or near forests, depending on them for subsistence and income. Forests are home to at least 80 percent of the world's remaining terrestrial biodiversity, serve as carbon sinks, protect watersheds, and reduce the risk of natural disasters such as floods and landslides. The forest industry is a source of economic growth and employment, generating \$186 billion per year in global trade of primary wood products.

Despite the importance of responsibly managed forest resources, nearly half the earth's original forests have been lost and those that remain face a very uncertain future. Deforestation has risen to alarming levels; 10 percent of all forests have disappeared in only the last 25 years, mainly due to human activity. Irresponsible logging practices and illegal logging continues to plague the sector.

On the other hand, it was theoretically proven that there is enough wood in the world's forests to supply its wood requirements. An analysis carried out by WWF and the World Bank in 2001 indicated that by responsibly managing 60 percent of the world's forests, at different levels of intensity and for different purposes, we could protect the remaining 40 percent. Thus many global efforts of governments and non-government organizations in this direction, based on law and governance enforcement as well as market transformation initiatives or both, have been witnessed in practice recently.

Illegal logging with its serious environmental and social damage, as well as costing governments an estimated \$10 billion every year in lost revenues therefore was recognized in a G8 Summit in 1998, where measures to tackle illegal logging were discussed and an 'Action Programme on Forests' formally adopted. Subsequently in April 2002, the European Commission hosted an international workshop to discuss how the EU could contribute to measures to combat illegal logging. At the World Summit on Sustainable Development (WSSD), held in Johannesburg in the same year, the European Commission set out a strong commitment to combat illegal logging and the associated trade in illegally-harvested timber. The EU published its first Proposal for a FLEGT Action Plan in May 2003. A number of other initiatives, arising from both national and international commitments, have also developed in parallel. In particular, three regional FLEG (Forest Law Enforcement and Governance) processes have been established in South East Asia, Africa (AFLEG) and Europe and North Asia (ENAFLEG). These processes, co-ordinated by the World Bank, have resulted in ministerial commitments to identify and implement actions to combat illegal logging in each region.

In October 2008, the implementation modalities of the FLEGT licensing schemes for imports of timber into the European Community were adopted with the Commission Regulation No [1024/2008](#). One of the cornerstones of the FLEGT Action Plan, are

Voluntary Partnership Agreements (VPA) with producer countries suffering from problems of illegal logging and poor forest governance.

Moves to filter out illegal or suspicious imports from wood products markets in Europe, the United States, Japan and other major consuming countries pose a challenge to the growth and reputation of Vietnam's furniture export industry. Already beset by problems of inefficiency, low productivity and an unsupportive financial environment, the industry now faces demands for assurances of the legality and sustainability of its raw material supply. Failure to give such assurances will mean lost market access and share. Although the changing market signals have not gone unnoticed in Vietnam, the response has been slow to unfold. A number of furniture manufacturers and exporters are taking steps to develop the systems and capacity needed to verify their sources. Several private and state forest enterprises are implementing certified forest management regimes. And government has launched policy initiatives to strengthen the wood processing industry and develop sustainable domestic sources of timber.

One element of government's response has been to explore participation in the European Union's Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan. Preliminary discussions between the Vietnamese government and the European Commission (EC) led in 2008 to the creation of a bilateral technical working group to examine ways of collaborating. A UK consultancy, ProForest, is about to undertake a preliminary assessment of the options for cooperation and their likely impacts.

In parallel with this official bilateral process, IUCN and others have been providing information and raising awareness among stakeholders of the changes in markets, the objectives of the FLEGT Action Plan, and the options for action. At the request of the Ministry of Agriculture and Rural Development (MARD), the lead agency for FLEGT, IUCN has provided support including two national multi-stakeholder round tables in 2008, translation and distribution of relevant documents, and development of a training course for delivery in 2009–10.

These activities have highlighted several challenges facing FLEGT in Vietnam. One is a lack of awareness and understanding of basic concepts, terms and processes. Confusion also exists over the purpose and scope of the FLEGT Action Plan, and the division of costs and responsibilities in any FLEGT-related actions. Another challenge is identifying and ensuring the participation of all stakeholders, even at this early stage in the dialogue. Involving civil society is crucial, for example, but defining civil society in the Vietnamese context is still problematic. Also essential is extending the dialogue beyond central agencies and groups to the local and provincial stakeholders who strongly influence forest management and enterprise.

To support Vietnam's collaboration with the EC, and to guide its own FLEGT support strategy, IUCN now proposes to carry out a stakeholder analysis with its key partners. This is intended to provide an overall understanding of the forest and trade sector in Vietnam, its main actors, and their possible interests and objectives in relation to FLEGT. The output of the analysis will be a living document, subject to updating as the FLEGT dialogue evolves and stakeholder interests and interactions develop.

2. Objective of the study

The aim of the stakeholder analysis is to determine the composition and interests of potential stakeholders for FLEGT-related actions in Vietnam, in order to form the design and implementation of a FLEGT engagement strategy for MARD, IUCN and other key actors.

The specific objectives of the analysis are as follows:

- Provide an overall understanding of the forest and wood processing system in Vietnam, and the perspectives of its main stakeholder groups.
- Identify, and assess the interests of, the main stakeholders for FLEGT -related actions.
- Assess current levels and patterns of interaction between the different stakeholders.
- Identify strategies (including processes, mechanisms and support needs) for ensuring balanced and constructive involvement by all stakeholders in consultation and planning for FLEGT-related actions.

3. Methodology of the study

The analysis of the FLEGT national stakeholders is the very first study of such a kind therefore the work started with the review of relevant publications and literature available and then based on the structure of Vietnam forest administration system and economic system of forestry, a list of main stakeholders is identified. To understand current awareness of FLEGT, concerns, interests, expectations, difficulties, requirements, possible ideas and actions concerning FLEGT of the identified stakeholders a survey was designed with questionnaire having 22 questions. Because the time for the analysis is quite constraint, it was agreed that this time the survey questionnaire is mainly be sent to companies and associations and some few sent to NGOs and government officials and organizations at provincial level. The government officials and organizations at central level will be covered by the survey next time, when necessary.

4. Forest Administration System in Vietnam

4.1. State administration structure

State administration in Viet Nam is composed of administrative units operating at the central, provincial, district and communal levels. The National Assembly is at the highest level and is the only body with legislative power. The government, including the prime minister; vice prime ministers; ministries and organizations with ministry equivalent authority, is the executive body of the National Assembly and the highest organ of state administration.

At the provincial level, the Provincial People's Council is elected by local people, while the Provincial People's Committee (PPC) — the executive organ — is composed of members elected from among the Provincial People's Council.

There are similar structures both at the district and communal levels comprising the District People's Council and Committee (DPC), and the Commune People's Council and Committee (CPC), respectively. However the structure may be changed in the future with the new model where

District and Commune People Council may no longer will be exist.

4.2. Administration structure in the forestry sector

Law on Forest Protection and Development

The law on Protection and Development of Forest, approved and issued by Vietnam National Assembly, is the highest legal document for forest sector and whole society as well. The first Law on Forest Protection and Development was promulgated in 1991 (58 LCT/HDNN8 dated 19 August 1991) and then revised, updated to become Law number 29/2004/QH11 and again promulgated in December 2004 by order Number 25/2004/L - CTN of December 14, 2004.

The law provides for the management, protection, development and use of forests; and forest owners' rights and obligations, applies to State agencies, domestic organizations, households and individuals, overseas Vietnamese as well as foreign organizations and individuals involved in forest protection and development in Vietnam and in cases where international agreements which the Socialist Republic of Vietnam has signed or acceded to contain provisions different from the provisions of this Law, the provisions of such international agreements shall apply.

Ministry of Agriculture and rural development (MARD)

In 1995, MARD was established covering the functions and mandates of the MoF, the Ministry of Agriculture and Food Industry, and the Ministry of Water Resources. With the establishment of the new ministry, most of the mandates under the former MoF were placed under the Forest Protection Department (FPD) and the Department of Forestry (DoF), both under MARD (Chart 01).

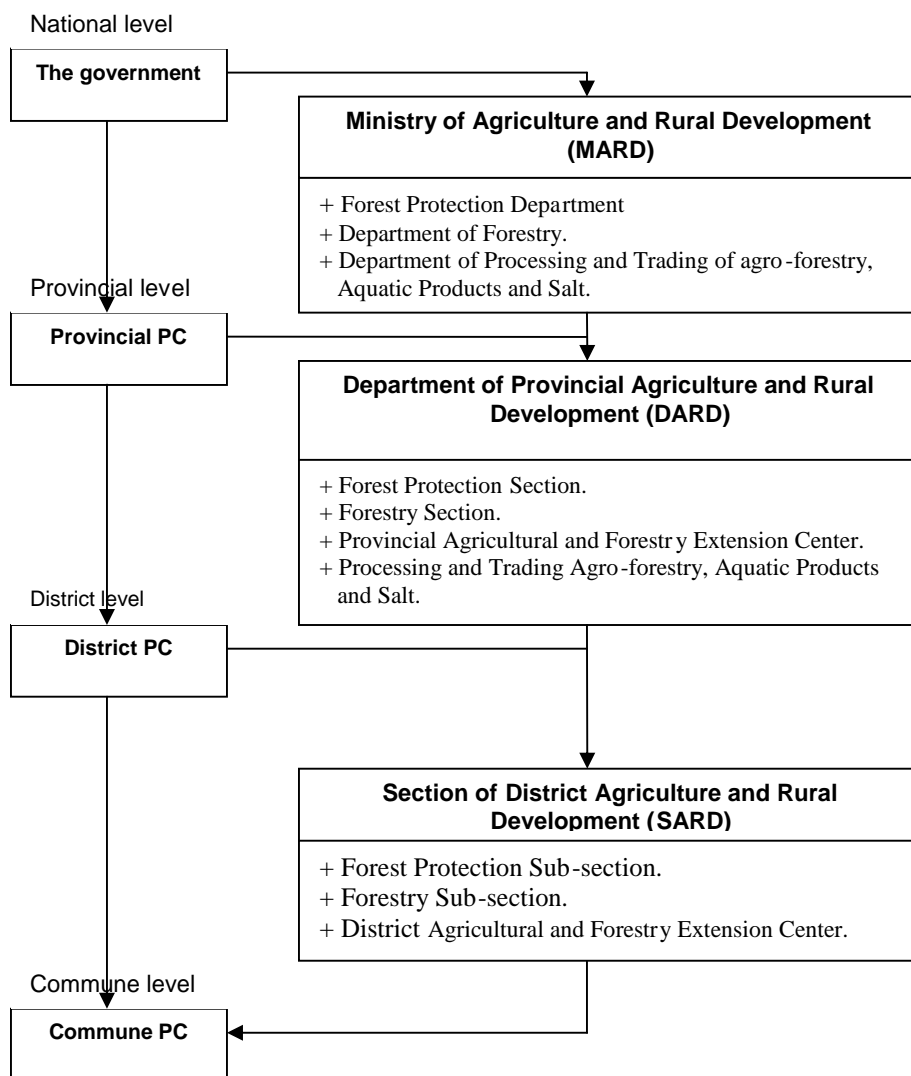


Chart 01: Organization structure of Vietnam forestry.

5. Vietnam Forest

5.1. Forest Area

Thanks to the policy and laws as well as efforts of the whole Vietnam society the forest area has been increased continuously from 1991, especially when the first Law on Forest Protection and Development was promulgated and applied in practice together with national programs in forest protection and forest plantation. The forest area has increased from 11.785 million ha in 2002 up to 12.837 million ha in 2007 (Table 01).

FOREST AREA	2002	2003	2004	2005	2006	2007
Total forested area (1000 ha)	11,785	12,095	12,307	12,617	12,874	12,837
Natural forests (1000 ha)	9,865	10,005	10,088	10,283	10,410	10,284

Plantations (1000 ha)	1,920	2,090	2,219	2,334	2,464	2,553
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Table01: Forest area.

Source: MARD of Vietnam

The total forest area has increased up to 12.837 million ha (Table01) and the forest area in 2007 is 9% (Chart 02) higher than the area in 2002 which means annual average increase for period from 2002 to 2007 is 211,000 ha.

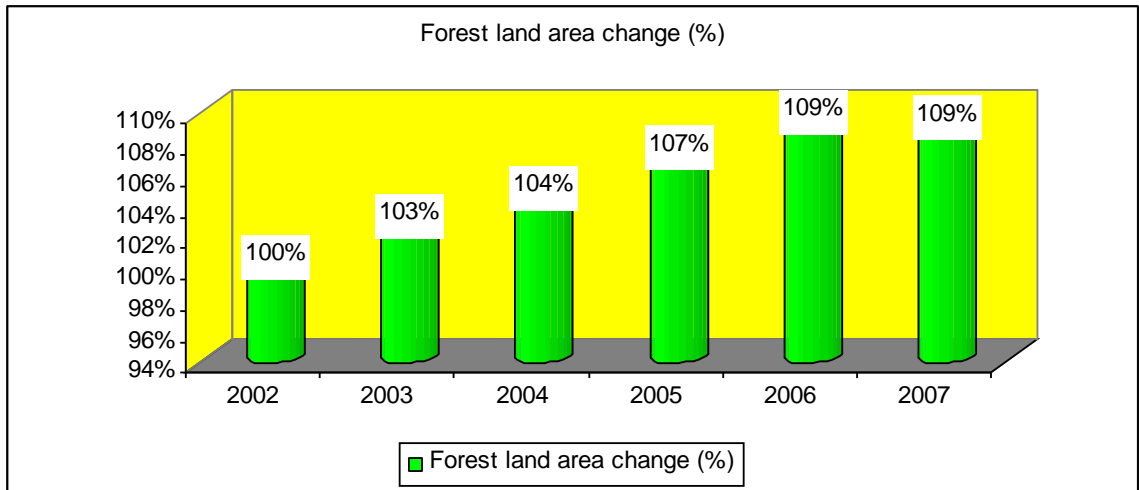


Chart 02: Vietnam forest area change from 2002 to 2007. Source: MARD of Vietnam

And the forest cover reached 38.9% in 2007 while the cover in 2002 was 35.7% (Chart 03).

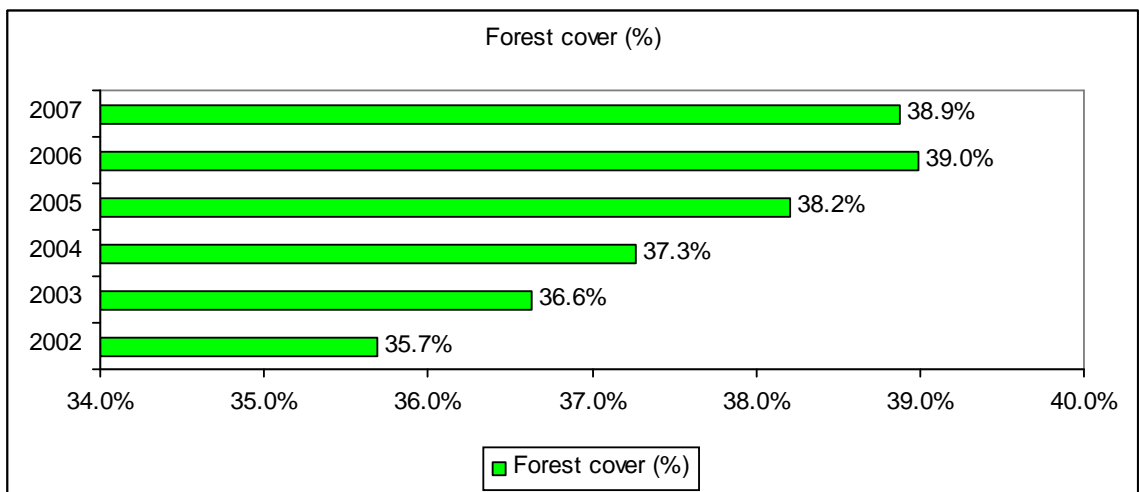


Chart 03: Vietnam forest cover from 2002 to 2007. Source: MARD of Vietnam

Chart 04 below shows that the natural forest area was increased continuously from 2002 to 2006 up to 106% vs 2002 but decreased substantially in 2007 down to 104% vs 2002 because the natural forest lost 126,000 ha in 2007 (Chart 04).

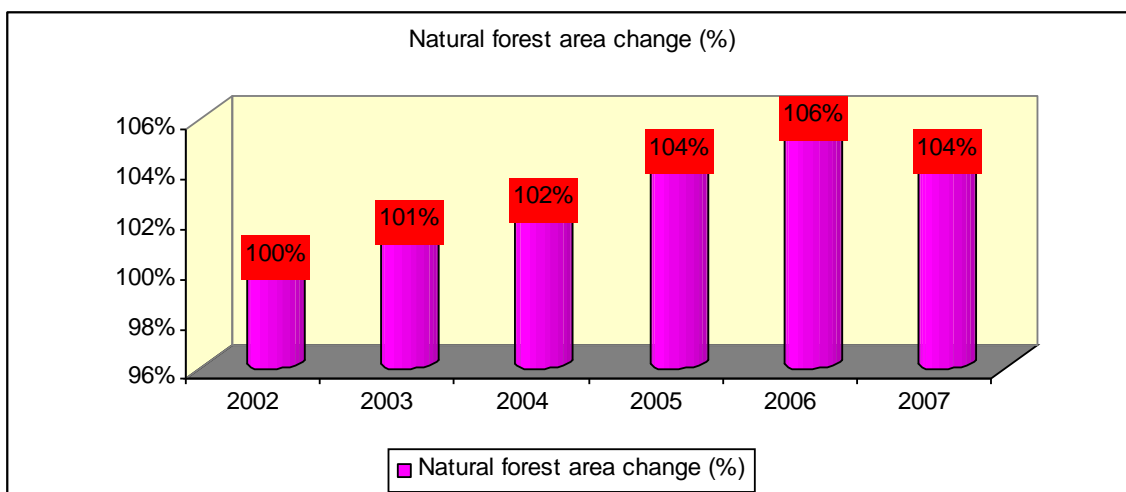


Chart 04: Natural forest area change

Source: MARD of Vietnam

Plantation area increased from 1.920 million ha in 2002 up to 2.553 million ha which is 33% higher (Chart 05).

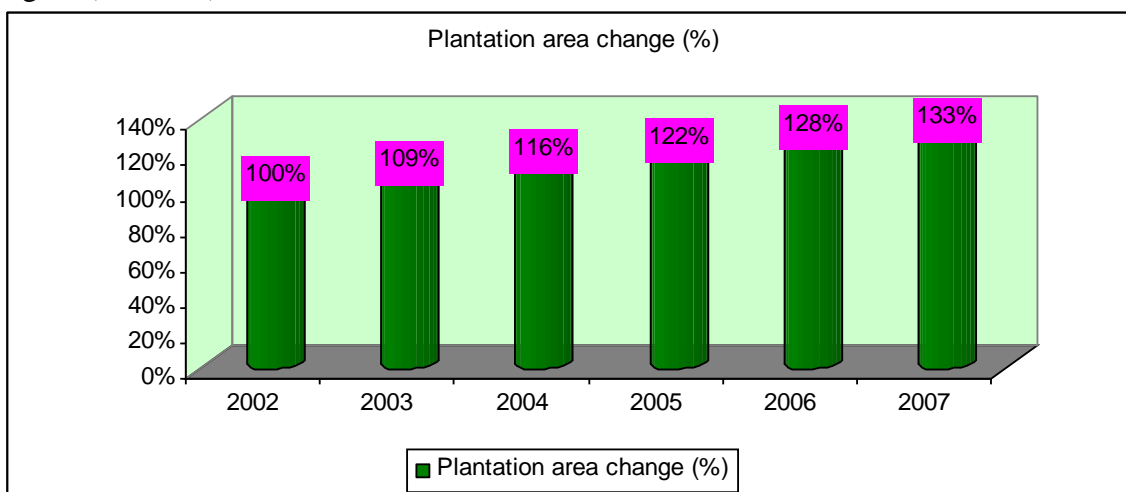


Chart 05: Plantation area change.

Source: MARD of Vietnam

Vietnam Government policy to promote use of bare land considerably results in decrease of the bare land area from 7.350 million ha in 2002 down to 5.010 million ha in 2007 (Chart 06) meaning that the bare land area in 2007 counts for 68% of that of 2002 only .

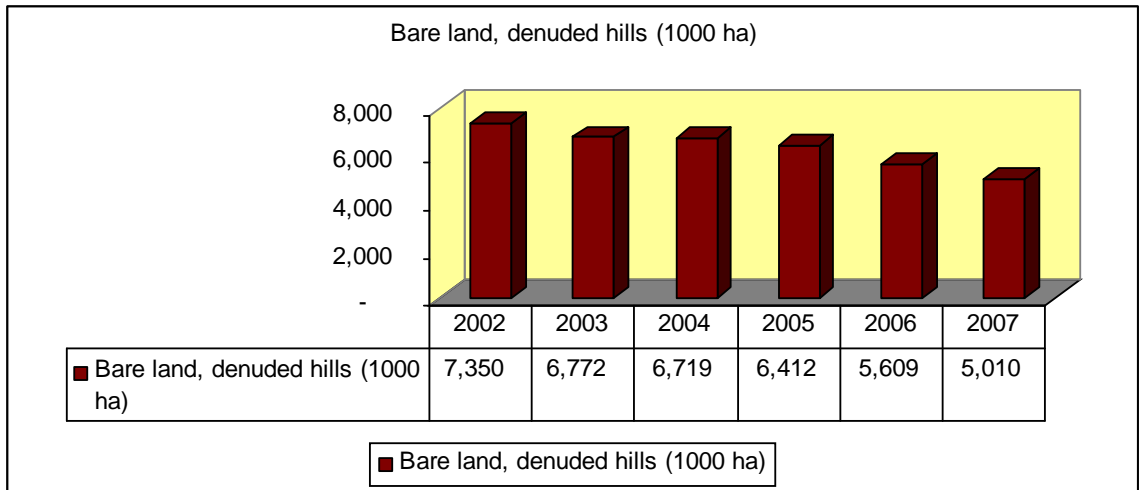


Chart 06: Bare land, denuded hills area change.

Source: MARD of Vietnam

5.2. Forest Functions

During the past decade there was more attention on forest inventory and forest planning has been paid, with purpose to improve all three main functions of forest which is protection, special -use and production at the same time. This effort resulted in a new forest classification aiming to meet both protection and production requirement. The process of classification lasts for around a decade, and its result reflected the demand and benefit of many groups of people interests.

Conservation and biodiversity concerning groups ask for more forest for protection and special -use purpose while other groups including farmers and forestry business ask for more production forest. Until 2007 the situation seems that the interest of the groups asking for more forest land serving production purpose won their battle with increasing production forest from 42% in 2006 up to 52% in 2007, and special-use forest from 16% down to 14% and protection from 42% decreased down to 34% for the same period (Chart 07).

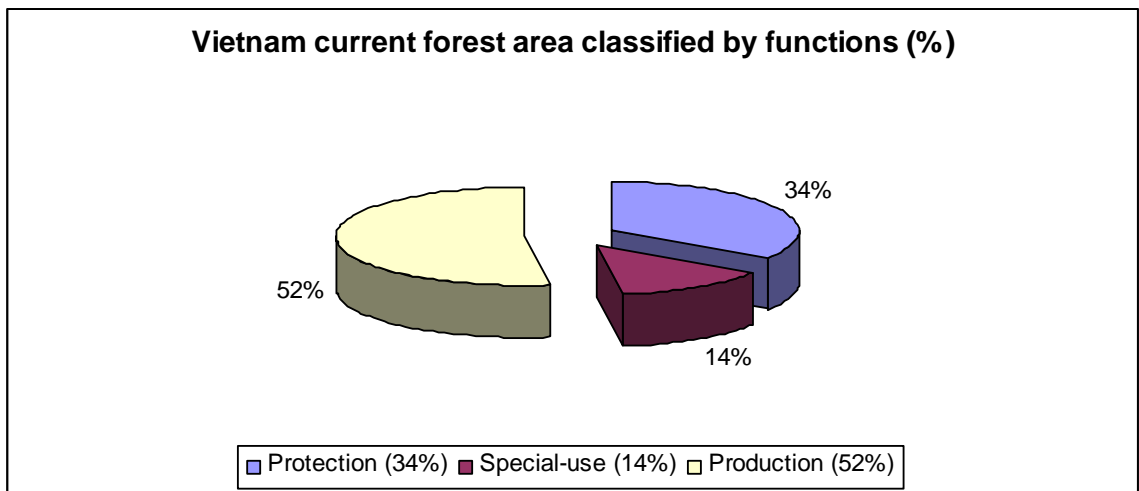


Chart 07: Vietnam current forest area classified by function. Source: MARD of Vietnam

5.3. Forest Management Owners

Background & Causes

When American war ended (1975) and Vietnam was re-unified (1976) management of all country forest was in charge of Ministry of Forestry (MoF) through its system of state forest enterprises of two types which are central and provincial. Those two types of SFEs played dominant role in forest management, forest protection, timber harvesting and forest planting.

Unfortunately forest area decreased dramatically with this SFE system which resulted in questioning its ability to manage forest to meet all forest functions. Along with that the lessons learnt from agricultural land allocation to farmers which brought Vietnam from country with serious hunger up to a global-lead-rice exporter encouraged mind change in forest and forest land management.

In addition, because forest no longer can supply timber and income from timber selling the SFEs did not have enough financial resource to maintain their activities as before. All the mentioned facts resulted in the SFE system reform and appearance of new actors in forest management.

Process and outcomes

The first effort to enable new actors for forest management happened in 1994, when the central government mandated the re-allocation of forest land managed by to households, public and other organizations. The new forest landholders having land use right certificate (Red Book Certificate) for 50 years are legally, somehow, equal to SFEs. This process is not a smooth one, but quite an up and down process. However in spite of that the process continued to reach a remarkable output in the area of land re-allocated and list of actors. According to the MARD data, in 2007 the list consists of eight actors. (please chart 08).

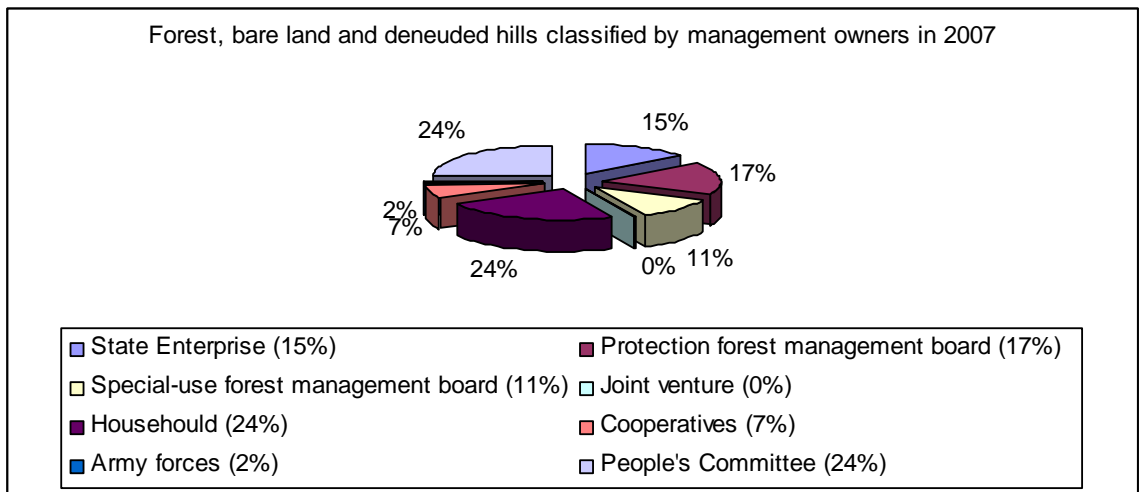


Chart 08: Forest, bare land and denuded hills classified by management owners.
Source: MARD of Vietnam.

The re-allocation of forest land from SFEs to households and communities, together with other programs (661, 327, 135), support from international organizations both GOs and NGOs, and especially efforts of households and new forest land holders several achievements, especially in re-greening bare land after the long war, additional jobs and income for people.

5.4. Wood Processing Sector

Wood processing sector of Vietnam has boosted considerably in recent decade (see chart 09), especially garden furniture for export which made Vietnam present on the list of 15 leading exporters of furniture over the world (FAO).

The value of the exported furniture has increased from USD 1,102 million in 2004 up to estimated value USD 2,779 million in 2008 which is about 2.5 times (please, see chart 10).

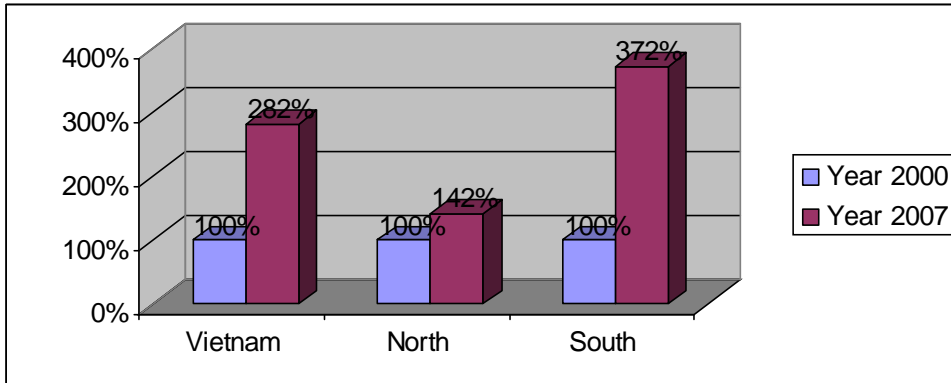


Chart 09: Increase of number of wood processing companies. Source: VIFORES

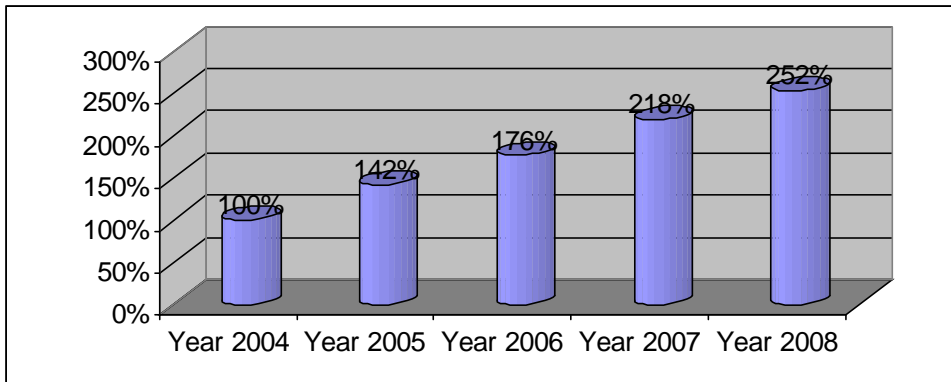


Chart10: Vietnam furniture export value increase.

Source: GSO of Vietnam

However Vietnam to reach the high export value as mentioned, a big volume of timber material must be imported from different sources of many continents (see chart 11).

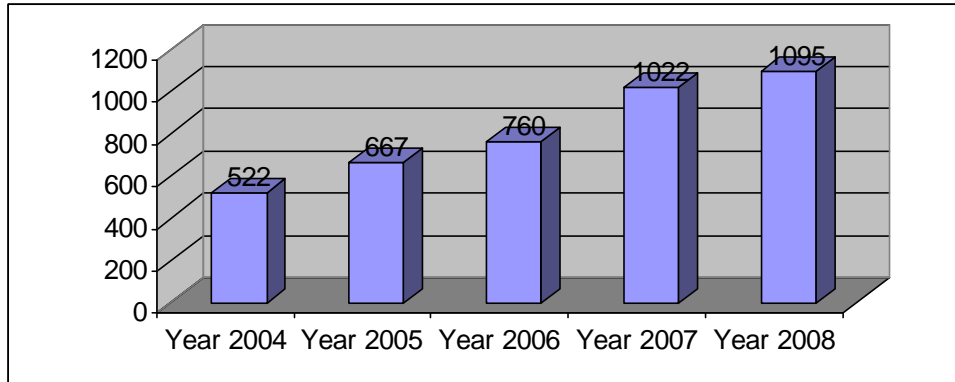


Chart11: Vietnam timber import value.

Source: GSO of Vietnam

High value of timber imported into Vietnam means that Vietnam wood processing sector, together with its presence on the list of 15 top furniture exporters, while is not material self-sufficient, has remarkable impact on the forests of countries where the timber imported to Vietnam comes from.

Rapid change in wood processing enterprise ownership was witnessed within period 2000 – 2007. The number of the state enterprises decreased sharply from 40% down to 5% while the number of private enterprises rocketedly increased from 57% in 2000 up to 93% in 2007 (Chart 12).

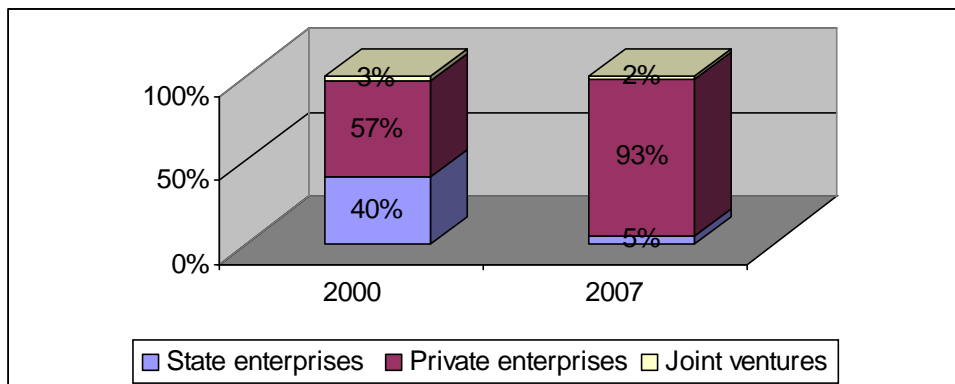


Chart 12: Structure of wood processing enterprises by ownership. Source : VIFORES.

6. New directions for the sector: National Forest Strategy (NFS)

In 2001, MARD approved the National Forest Strategy (NFS) for the period 2001 to 2010, identifying sustainable forest resource management, forest development as key development directions and commitment towards people-centred forestry.

In response, a review of the sector was carried out more recently, and in early 2007, the NFS 2006–2020 was promulgated, which stipulates the direction of national forest development with five programs areas: Sustainable forest management and development (1); Forest protection,

Biodiversity conservation and environmental services development (2); Forest products processing and trade (3); Research, education, training, and forestry extension (4); Renovation of the forestry sector institutions, policies, planning and monitoring (5).

7. FLEGT Activities in Vietnam

There was a few FLEGT-related activities in Vietnam, mainly focused on raising awareness of changes in international market concerning legality of timber used in processing. Organizations conducting activities in this field include Global Forest and Trade Network Vietnam (GFTN VN) which is a part of the Global Forest and Trade Network (GFTN) of WWF, IUCN with two workshops in 2008, Vietnam Forest and Forest Products Association (VIFORES). Basic information on FLEGT is communicated to export-furniture manufacturers through workshops or sectorial magazines such as Go Viet.

8. Outcomes of FLEGT stakeholder analysis in Vietnam

8.1. Structure of surveyed stakeholders

As mentioned in the methodology of the analysis, this time the survey mainly focused on the wood processing enterprises, making for-export furniture, in four centers of the industry including Binh Dinh, Ho Chi Minh City, Binh Duong and Dong Nai. However, the questionnaire also was sent to enterprises located in other provinces to make the survey outcome representing, at some level, for whole Vietnamese wood processing enterprises. In addition the questionnaire was sent to some provincial government officials, NGOs, and associations. Questionnaires returned with answers showed that participation in answering questionnaire this time is: government officials 7%, NGOs 16%, associations 13%, enterprises 64% (Chart 13).

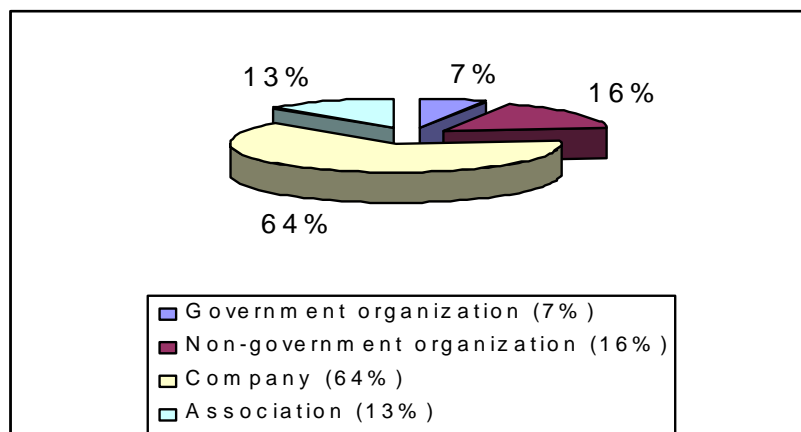


Chart 13: Structure of surveyed stakeholders.

8.2. What is FLEGT?

63% of all surveyed stakeholders said that FLEGT is a legal instrument to protect forest; FLEGT is a barrier for import of illegal timber and products made from illegal timber to EU market 37%; and FLEGT is a purely business barrier 0% (Chart 14). All which means that all surveyed stakeholders quite clearly understand the nature of FLEGT.

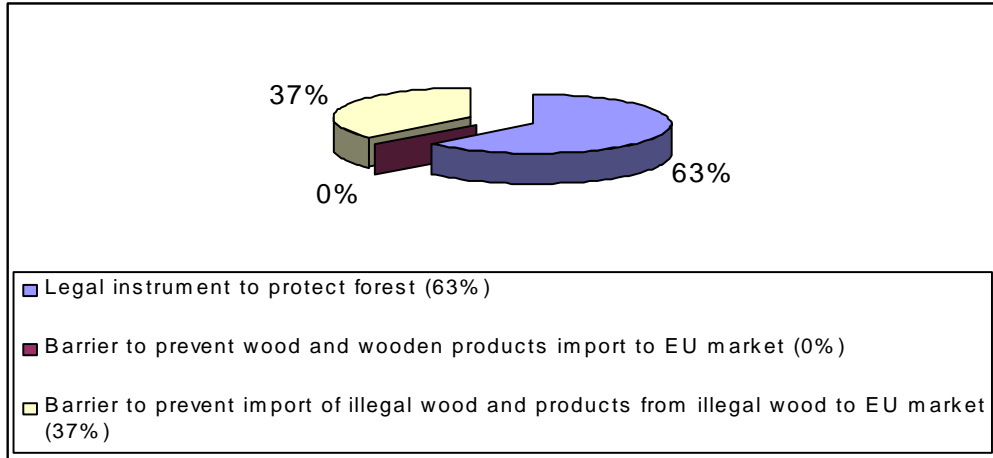


Chart 14: What is FLEGT?

8.3. First time heard about FLEGT

It is interesting that nearly one fourth of the surveyed stakeholders, is firstly heard about FLEGT when received the survey questionnaire. Adding stakeholders firstly heard about FLEGT within the first six months of 2009, the number of people knowing nothing about FLEGT before January 1, 2009 counts for nearly 50% (Chart 15). Compared with the first EU FLEGT Action Plan issued in May 2003, it is very clear that information on FLEGT is poorly communicated in Vietnam, even within governance and business circle.

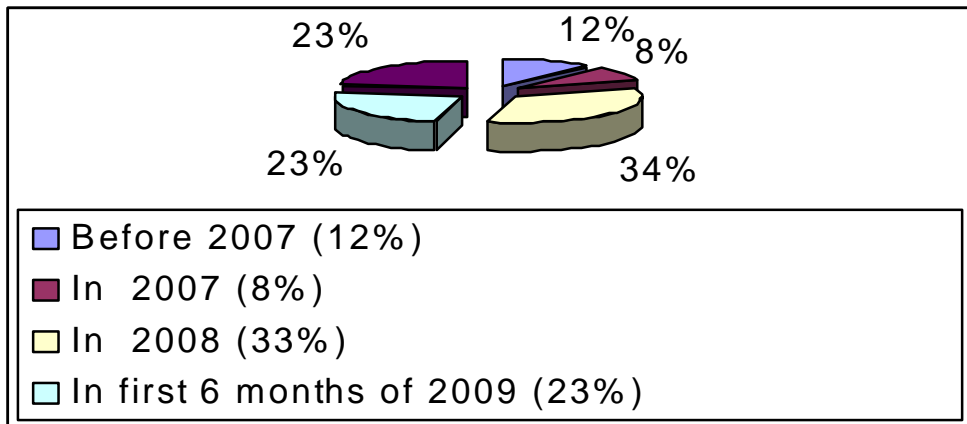


Chart 15: First time heard about FLEGT

8.4. First source of information about FLEGT

More than 40% received first information about FLEGT from workshops and sectorial magazines and news. Only 10% from public media (chart 16). Because not every stakeholder can participate in workshops and access sectorial magazines, to get information on FLEGT communicated to wider audience, along with workshops and magazine channels, it is necessary to use public media more for this FLEGT communication.

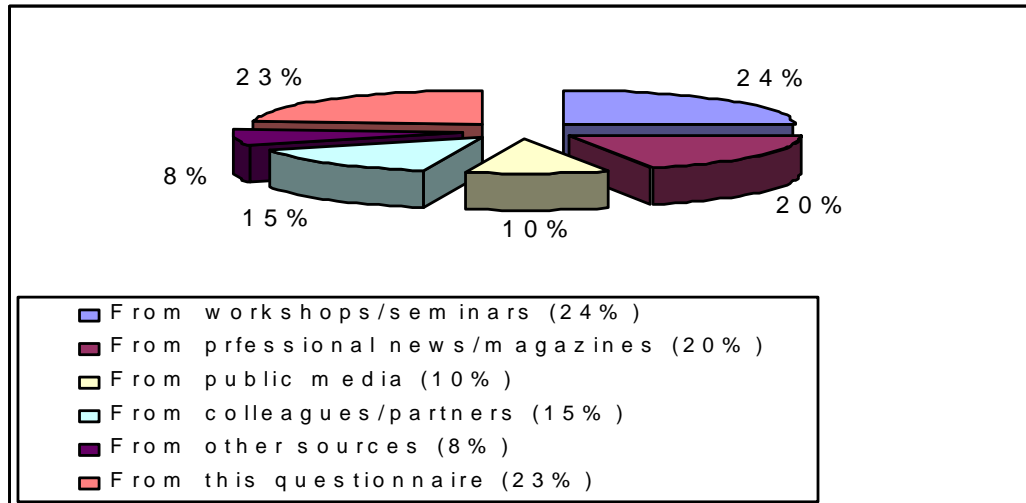


Chart 16: First source of information about FLEGT

8.5. Why FLEGT was launched?

63% of the stakeholders answered the FLEGT launch is product of EU policy in forest protection. However 5% believe that FLEGT is an EU business barrier to prevent import of timber and timber products to EU market (Chart 17).

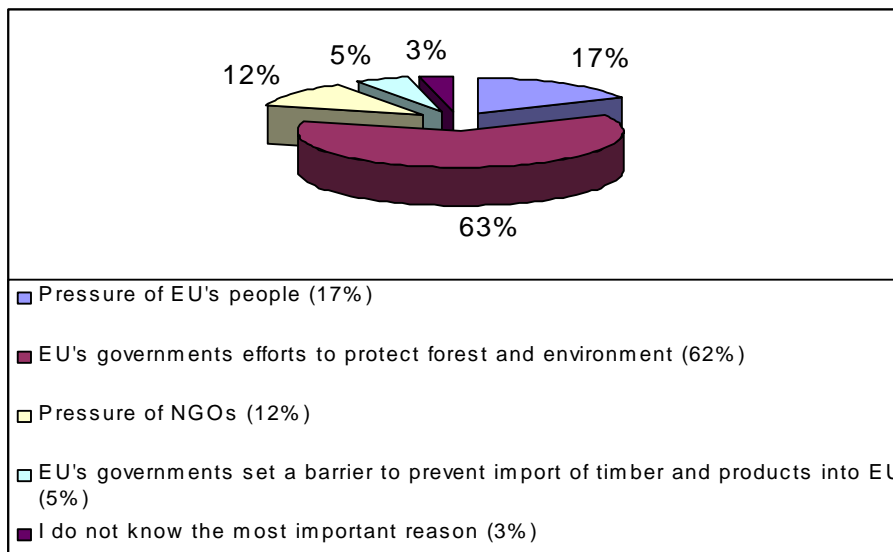


Chart 17: Why FLEGT was launched?

8.6. What is the most appropriate response of Vietnam?

95% think that Vietnam government should proactively approach EU to discuss FLEGT issues (Chart 18). This reflects the fact that stakeholders expect Vietnam government to proactively deal with all issues related to FLEGT for their own benefits.

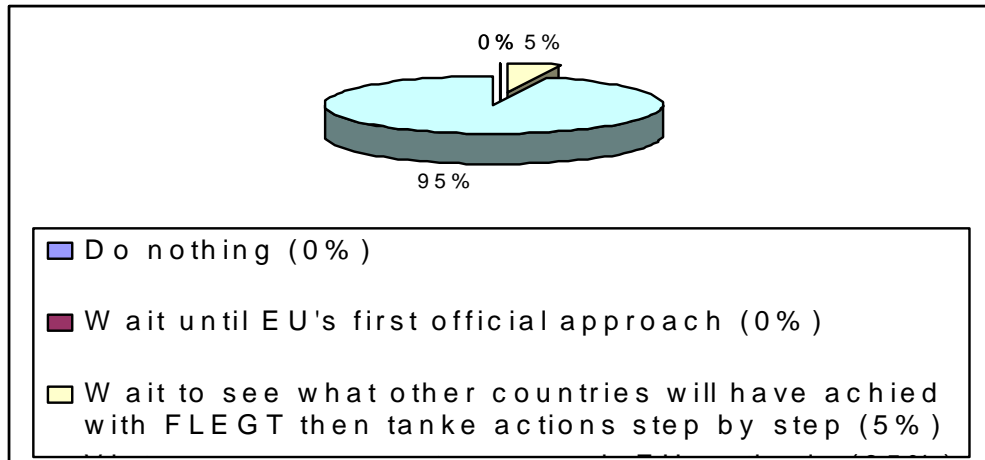


Chart 18: What is the most appropriate response of Vietnam?

8.7. What is the most appropriate response of organizations / enterprises / associations?

The chart 19 below shows 98% agreed with positive action including requesting the government to approach EU (14%), willing to participate in activities related to FLEGT (28%), proactively suggest activities and solutions (56%). This fact means stakeholders understand the importance of resolving issues related to FLEGT and they are willing and ready to take proactive role in this process.

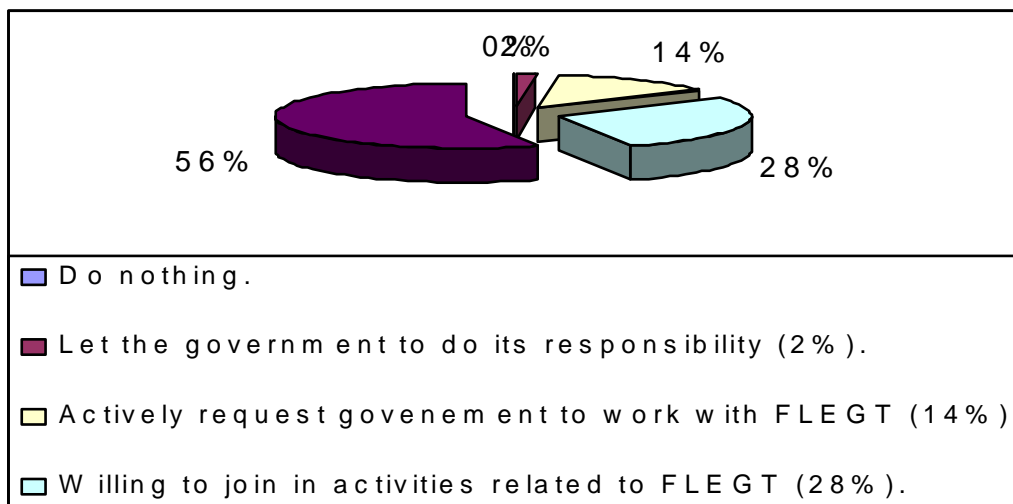


Chart 19: What is the most appropriate response of organizations / enterprises / associations?

8.8. Why Vietnam government should approach EU?

Almost three thirds of questioned stakeholders believe that proactively to approach EU is the best way that Vietnam government can support Vietnamese enterprises in doing wood processing and exporting business with EU market (Chart 20). This fact again reflects the interest of stakeholders in expecting Vietnam government to respond to FLEGT for benefits of the enterprises of Vietnam wood processing and exporting industry.

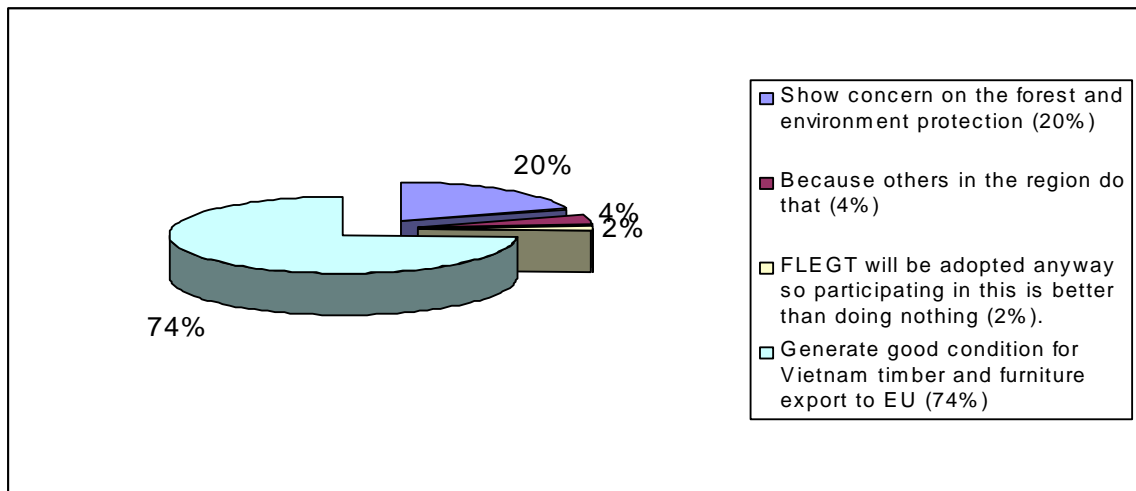


Chart 20: Why Vietnam government should approach EU?

8.9. Impact of FLEGT on Vietnam forestry activities

The strongest impact of FLEGT is on Vietnam export of timber products to EU market (4.62/5.00), following is competitiveness of Vietnam timber products in EU market (4.60/5.00) (Chart 21) All that reflect the concern of Vietnam on negative consequences of FLEGT on its for-export wood processing industry. However the survey showed that the impact of FLEGT on the forestry management system scored at 3.30/5.00 meaning the stakeholders think FLEGT does not have any strong impact on this field.

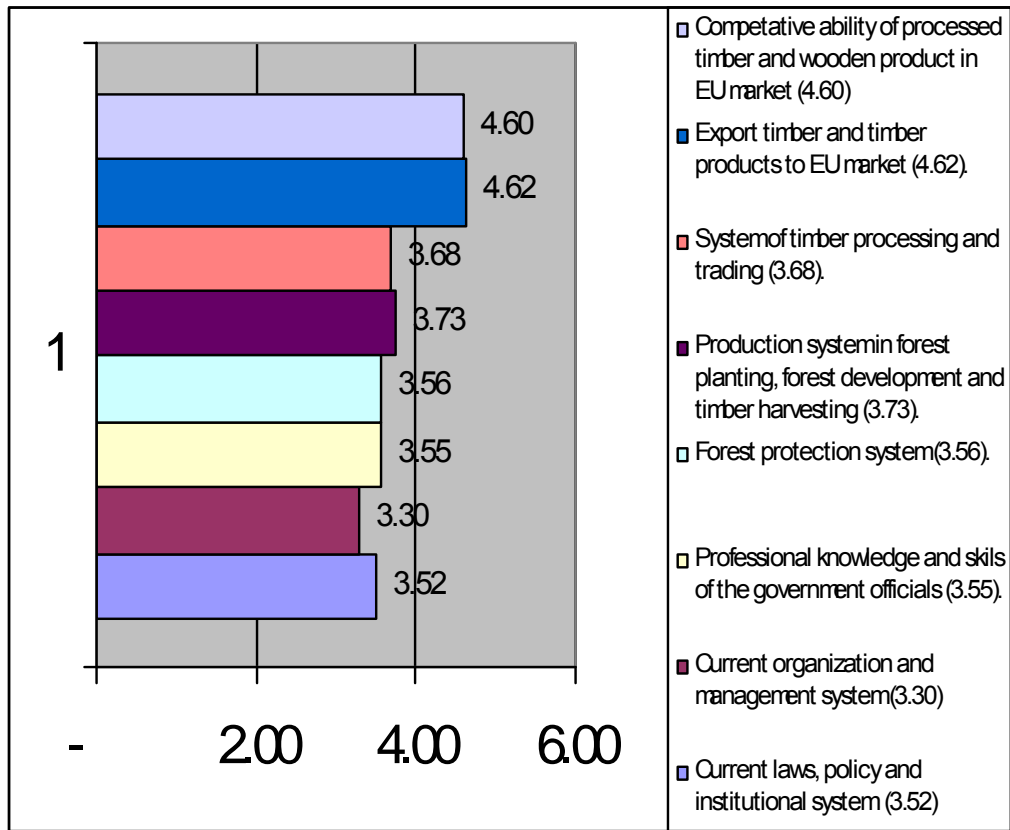


Chart 21: Impact of FLEGT on Vietnam forestry activities

8.10. Impact of FLEGT on Vietnam enterprises

Chart 22 below shows that the biggest concern of enterprises is legality of timber material input to production (4.5/5.0), procedure for timber products exported to EU market (4.5/5.0). And the surveyed think that the lowest impact of FLEGT is on wood processing technology and machinery (3.1/5.0).

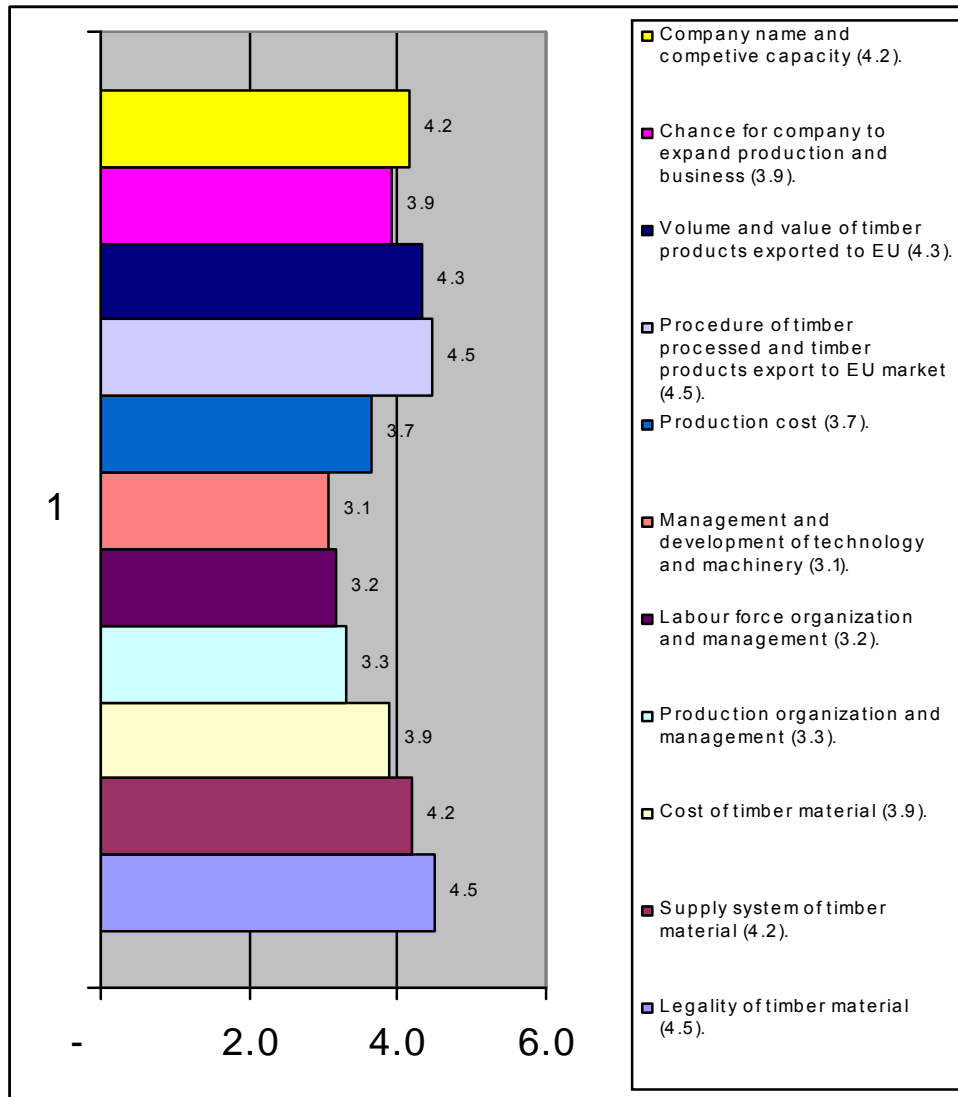


Chart 22: Impact of FLEGT on Vietnam enterprises

8.11. Who should take the lead in working with EU on FLEGT?

Dominant number of the surveyed stakeholders (83%) is for MARD leadership in working with EU for FLEGT because they think the MARD is most appropriate for the work. However 17% have different view which support Misnistry of Industry and Trade (MIT) to be the leader for EU FLEGT from Vietnam side (Chart 23).

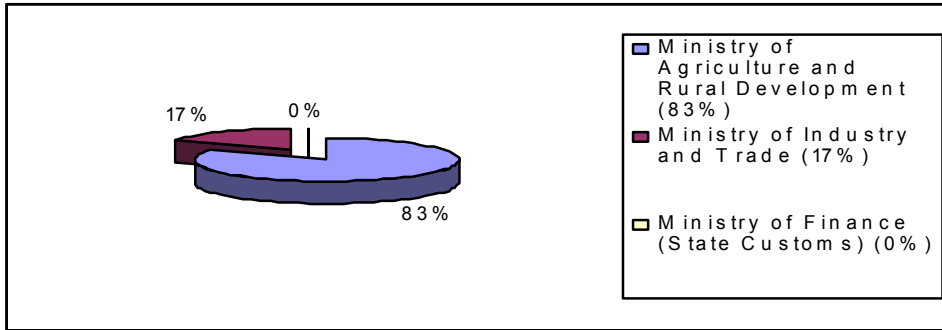


Chart 23: Who should take the lead in working with EU on FLEGT?

8.12. How to prepare to work with EU FLEGT?

All 7 points mentioned in the questionnaire have score from 4.3 up (5.0 is max) which mean that all the 7 points are considered as important and they should be paid relevant attention during preparation for working with EU FLEGT (Chart 24).

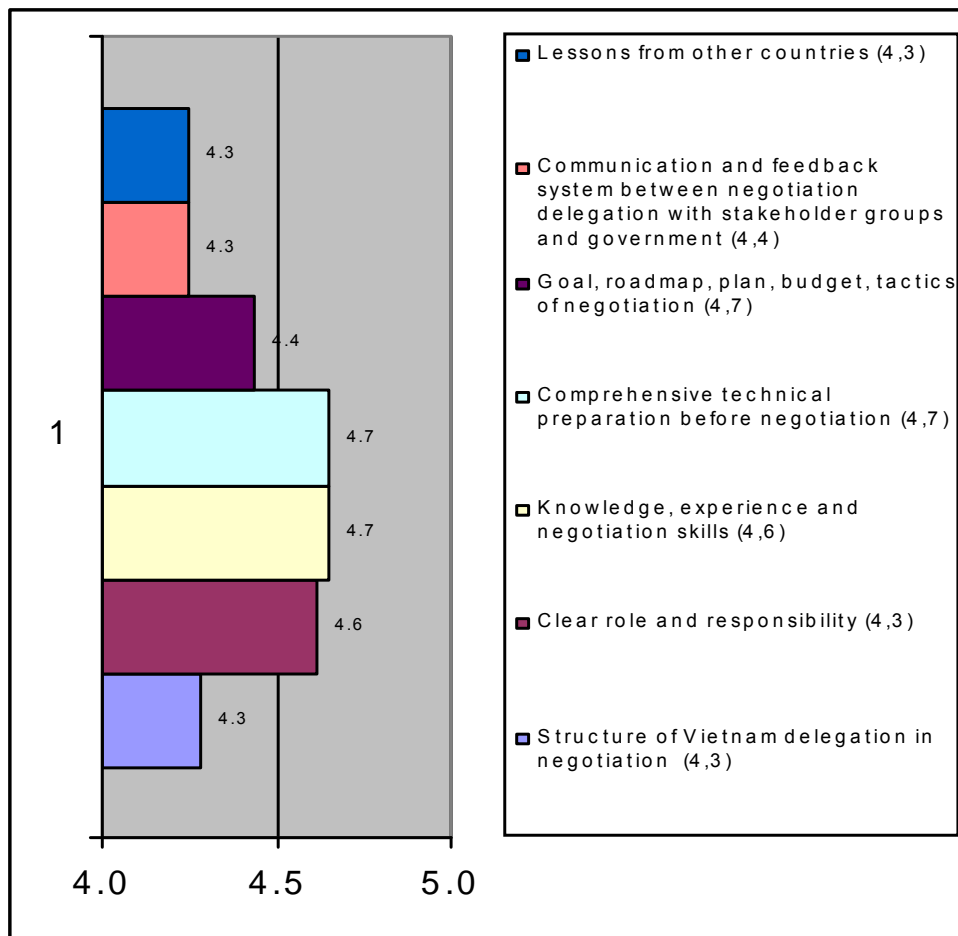


Chart 24: How to prepare to work with EU FLEGT?

8.13. Role of stakeholders in working with EU FLEGT

It is quite surprised that Vietnam Forest and Forest Products Association (VIFORES) has the highest score (4.6/5.0), following are government organizations such as Forest Protection Department (FPD), Legal Department (LD) of MARD have the same score at 4.4/5.0, then Department of Forestry (DoF), International Cooperation Department (ICD), Department for Processing and Trading Agricultural Products (DPTAP) of MARD, Ministry of Industry and Trade (MIT), Ministry of Finance -State Customs (MF-SC) with 4.3/5.5 and Hochiminh City Handicraft and Wood Processing Association (HAWA) at 3.9/5.0. This fact means enterprises as well as othe organizations expect VIFORES to play higher role in working with EU FLEGT (Chart 25).

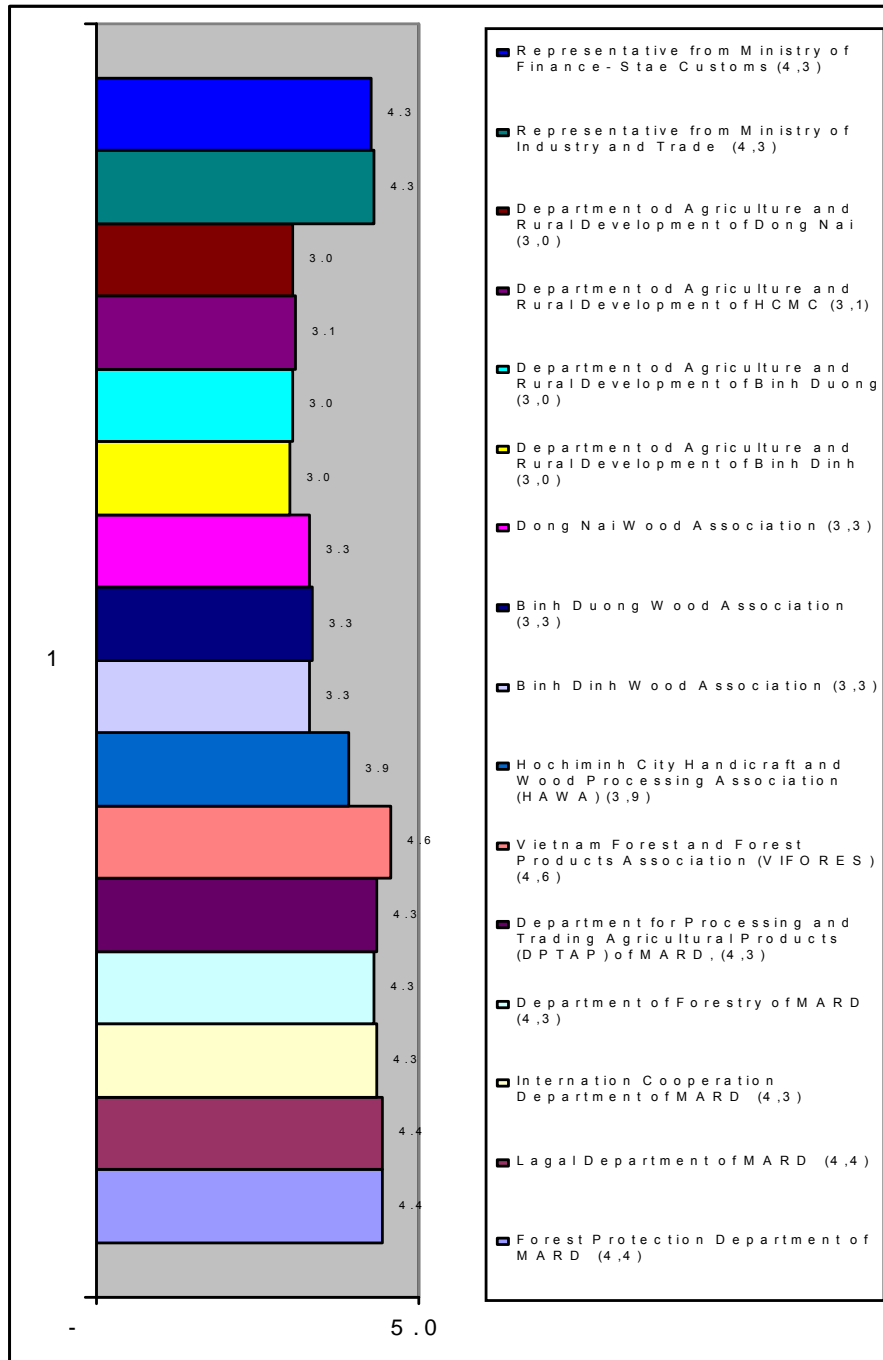


Chart 25: Role of stakeholders in working with EU FLEGT

8.14. Areas FLEGT should cooperate and support Vietnam

FLEGT should cooperate and support Vietnam in improving sustainable forest management (4.6/5.0); system of policies, laws and institutions in forestry (4.5/5.0); increasing professional knowledge and skills for governmental officials (4.40/5.0);

improving transparency of information on timber and timber products between Vietnam and other countries (4.4/5.0) (Chart 26).

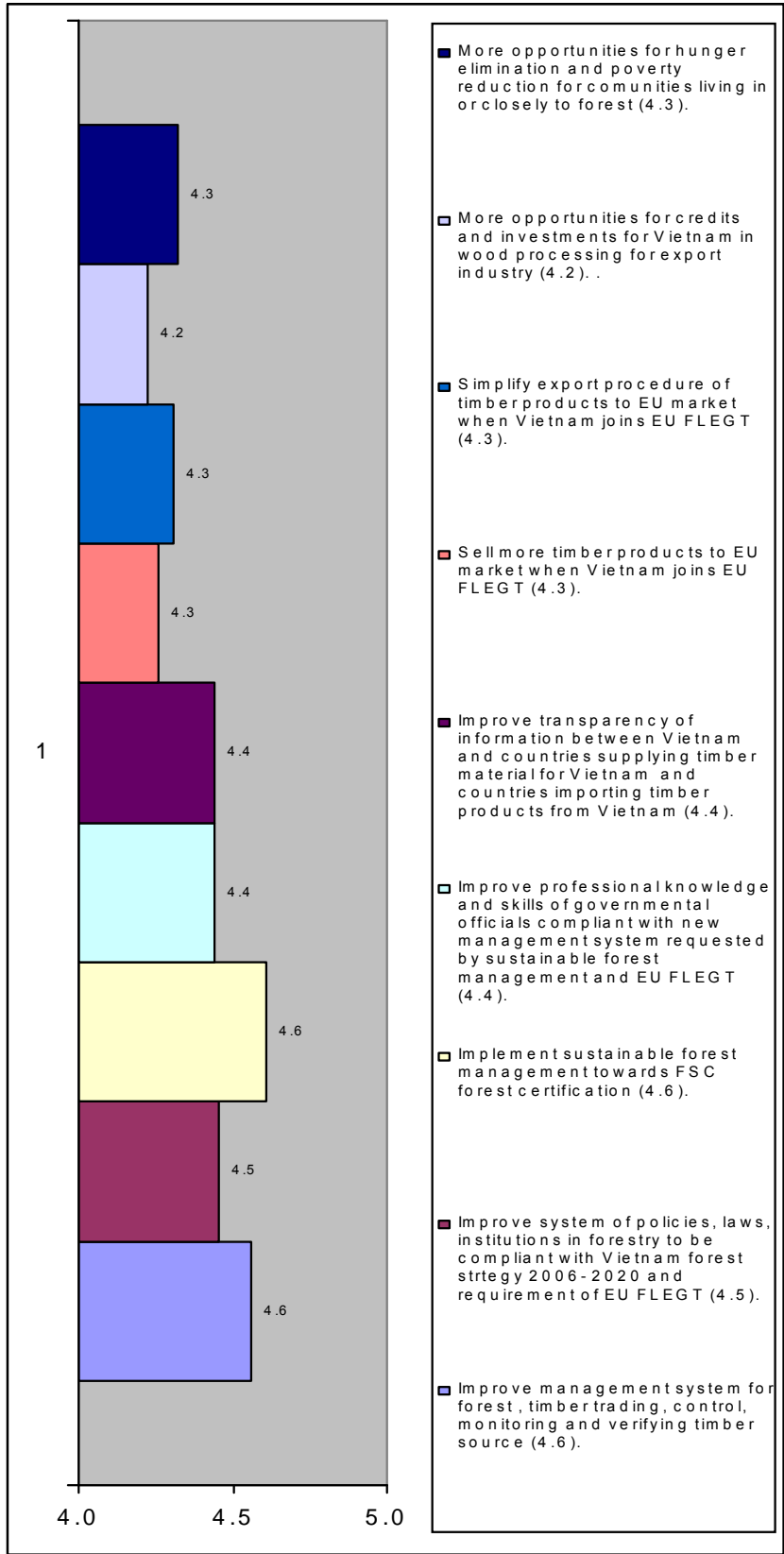


Chart 26: Areas FLEGT should cooperate and support Vietnam

8.15. Areas FLEGT should cooperate and support Vietnam enterprises

The highest score belongs to the request of enterprises for having a clear, transparent, consistent and simple guideline for timber legality (4.5/5.0); simplified procedure for timber products export to EU market (4.5/5.0); improvement of management system to be compliant with EU FLEGT requirements (4.5/5.0); and improve enterprise competitiveness (4.4/5.0) (Chart 27).

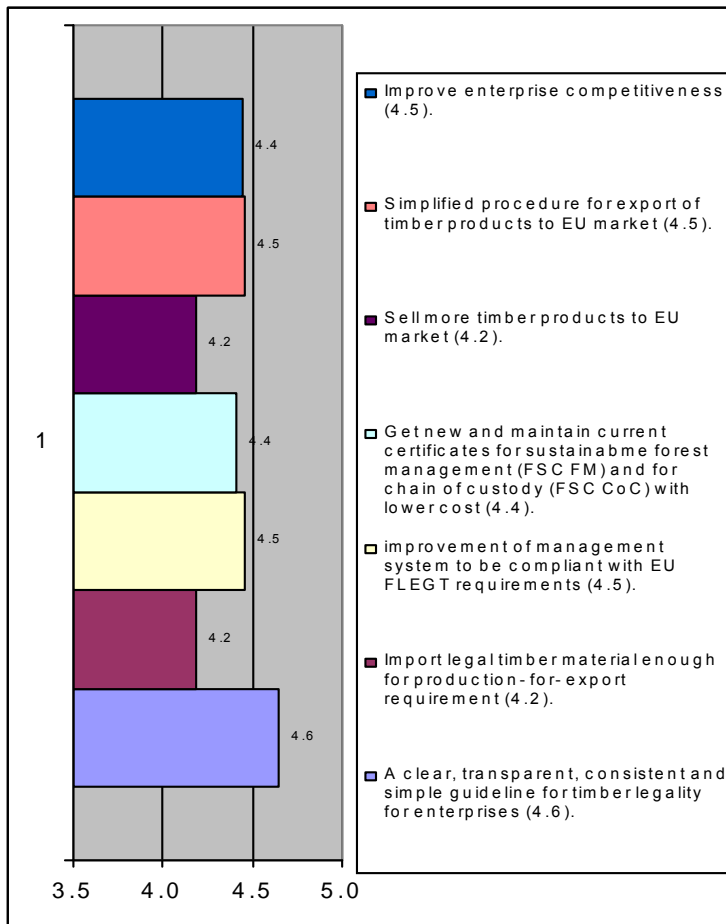


Chart 27: Areas FLEGT should cooperate and support Vietnam enterprises

8.16. When Vietnam should start negotiating with EU on FLEGT?

61% of questioned stakeholders think the negotiation should start by end of June 2010 which means to start the negotiation soon is dominant position of the surveyed stakeholders. 25% support the start by end of 2009. And 91% are for the start by end of June 2011 (Chart 28).

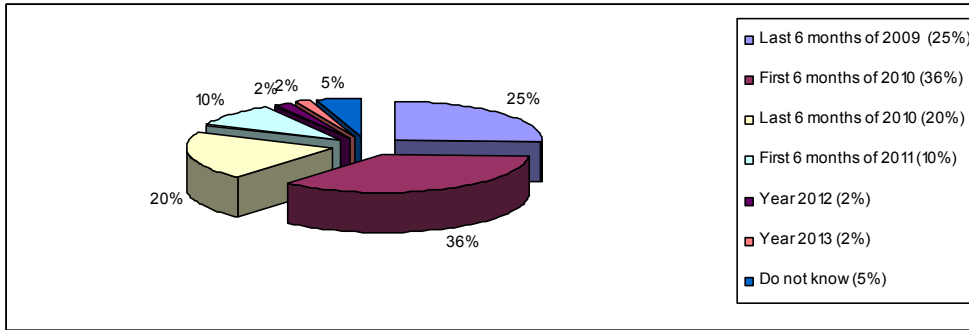


Chart 28: When Vietnam should start negotiating with EU on FLEGT?

8.17. When VPA should be signed?

36% for finalizing the negotiation and signing VPA by end of 2011. Adding 33% think the process should end by signing VPA end 2012 then 69% expect the VPA to be signed by December end 2012 (Chart 29). Three years to achieve VPA, compared with other countries negotiation with EU, is not too long. However 16% surveyed stakeholders do not know when the VPA should be signed which means that there is a lot of works to do in FLEGT communication to Vietnam society.

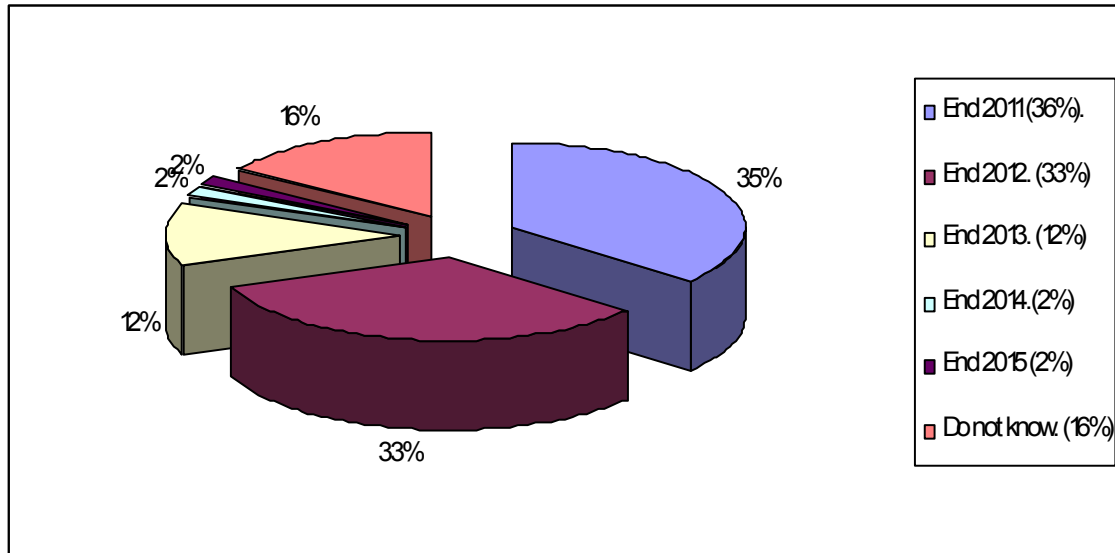


Chart 29: When VPA should be signed?

9. Recommendations

This survey, first time in Vietnam, provides a general picture on Vietnam FLEGT stakeholders who really need to be involved, according their own functions; their interests and concerns; in FLEGT next coming activities in Vietnam.

The survey outcomes as well as discussion of selected stakeholders participated in discussion at the workshop taken place in HCMC 28 July 2009 resulted in following recommendations in four areas.

9.1. Organization, goals, targets, contents, road-map, plan, budget, tactics of Vietnam side for negotiation with EU

- 1) Vietnam negotiation delegation, including representatives of all stakeholder groups, well organized, led by leader appointed by MARD, should have SMART goals, roadmap, plan, and tactics.
- 2) Leader and members of the delegation, with clear responsibilities and rights, should be expert from areas who represent and should have appropriate negotiation skills.
- 3) Technical sub-teams should be formed to prepare for negotiation and to solve problems arising during negotiation.
- 4) An appropriate communication system should be established to provide all stakeholders and relevant government organizations with information on negotiation process as well as negotiation partial results in order to get feedback of stakeholders and proper guideline from the government.
- 5) Should clearly understand FLEGT requirements, FLEGT definition of timber legality, illegal timber, methodology and means for verification of legal and illegal timber, conformance and non-conformance of what is being done by Vietnam government and enterprises with FLEGT requirements, and all what requested by FLEGT but Vietnam does not have at all.
- 6) The government should have a budget line for FLEGT in annual governmental budget and enterprises can contribute some part of this budget line.
- 7) EU should provide Vietnam with financial contribution for expenditure related to FLEGT in Vietnam.
- 8) Lessons learnt in working with EU FLEGT from other countries should be updated and communicated to all members of the negotiation delegation.

9.2. FLEGT impacts on Vietnam forestry activities. How Vietnam should respond and how EU should cooperate and support Vietnam

- 1) FLEGT impacts on laws, policies, institutions, awareness and activities of governmental officials, businessmen, associations in Vietnam forestry therefore it is necessary to review the laws and policy system as well as institutions to identify areas to be revised, improved and roadmap for this revision and improvement. This process should get the highest interest and contributions of all stakeholders groups.

2) FLEGT also impacts on laws, policies, institutions of countries having timber trade relationships with Vietnam therefore it is necessary to identify all possible non-conformances of laws and policies of those countries to be brought to contents of negotiation with EU.

3) Should create a clear, transparent legal frame easy for self-aware, self-discipline enterprises, but very difficult for deceitful one.

4) The licencing system within VPA between Vietnam and EU (to be signed as result of fruitful negotiation) should not a petition-give system. Monitoring and verifying more than 2,000 enterprises is not an easy work therefore to ensure correct and transparent licencing the establishment of this system should be paid by serious attention and consideration. Using third parties as licencing authority can be an option for consideration.

5) Based on points from 1 to 4 above, Vietnam should make a SMART action plan for cooperation with EU concerning FLEGT.

6) FLEGT EU should cooperate with Vietnam according to the action plan, mentioned in point 5 above, with expected areas: system of laws, policies, institutions, forest management and development, timber trading, processing and timber products export to EU market, capacity building for government officials and relevant associations.

9. 3 FLEGT impacts on Vietnam wood-processing-for-export enterprises. How Vietnam enterprises should response and how Vietnam government and EU should support Vietnam enterprises

1) Most seriously impacted areas of enterprises are: procedure for timber products exported to EU market, volume and value of products exported to EU market, brand name and competitiveness of enterprises.

2) Enterprises should pro-actively communicate own interests, concerns, initiatives and suggestions, proposed solutions related to FLEGT from negotiation preparation stage, and through negotiation process as well.

3) Enterprises should pro-actively organize own material supply system, production and sale system compliant with FLEGT requirement and VPA to be signed upon fruitful negotiation.

4) Enterprises should proactively build local base of timber material by cooperation with forest owners, small plantation holders on one hand and Vietnam government should support this cooperation on the other hand.

5) Should provide enterprises with simple, clear, transparent and consistent guideline for timber legality definition as well as methodology of verification of timber legality as requested by FLEGT, in mother language.

- 6) Should simplify procedure for timber products export to EU market when Vietnam signs FLEGT VPA with EU.
- 7) Should support enterprises in getting new and maintaining current certificates for sustainable forest management (FSC FM) and for chain of custody (FSC CoC) with lower cost.
- 8) Should support enterprises in updating information on FLEGT together with capacity building for contributions during negotiation process and implementation of VPA through training courses, information on websites; industrial magazines and news.

9. 4: What should associations do to support Vietnam government in joining -FLEGT process and support enterprises in doing sustainable business under FLEGT requirements.

- 1) VIFORES together with HAWA, Binh Dinh association, Dong Nai Association, Binh Duong Association should play proactive role in activities related to FLEGT, from the beginning.
- 2) VIFORES should be an official member of Vietnam FLEGT -negotiation delegation, representing wood trading and wood processing enterprises and other associations for their interests and concerns.
- 3) A information channel (even hot line if necessary) between VIFORES and other associations and enterprises should be established to ensure that all associations and concerned enterprises are regularly updated of process and partial results of the negotiation so that they can provide feedback and contributions relevantly.
- 4) Associations should take the lead in providing information, organizing workshops, trainings on FLEGT for enterprises and other stakeholders.
- 5) Vietnam government should support associations in all activities related to FLEGT.
- 6) Enterprises should take responsibility to strengthen associations in all aspects.

Due to time and budget constraints this time survey, generally, has not worked with the stakeholders at governmental central level yet. Because those organizations are important in activities related to FLEGT in Vietnam, an analysis of their role, interests and concerns needs to be included in next survey.

Analysis of difficulties, interests and concerns and support needs of enterprises and associations also should be in depth and for wider range to get more detailed picture necessary for further activities related to FLEGT in Vietnam.