

## Brief on border concerns and implications for UN-REDD

### *VN timber market*

*“As the world’s fourth-largest exporter of wood products, Vietnam is home to a furniture industry whose exports topped US\$2.4 billion in 2007 and is expected to grow by another US\$3.4 billion by 2010. The Vietnamese timber industry, and furniture manufacturing in particular, is the fifth largest foreign exchange earning sector in the country.”*<sup>1</sup>

### *Sources of timber*

*“Sourcing of raw materials for this large and growing sector is crucial to its long term stability. Currently the timber industry **depends on imports for 80% of its timber supply**. A national timber plantation policy aims to reduce this figure to 20% by 2020. Despite this, the volume of imports is still growing annually, with a significant proportion of the supply coming from countries such as Laos, Cambodia, Burma, Malaysia, Indonesia and Congo where some of the timber supply originates from unknown or **possibly illegal sources**.”*<sup>2</sup>

### *REDD+ implications and “displacement of deforestation”*

REDD+ implementation in Vietnam, whose objectives include reduced deforestation and forest degradation, may potentially work as an incentive to **displace timber production outside the country**. This displacement of timber production can also become “displacement of deforestation”, if the countries in which production is displaced to, do not have the **strong governance** for implementing sustainable forest management.

What can result from “displacement of production” to other countries and thus potential international “displacement of deforestation” is the conceptual “**international emissions leakage**”; ie. an increase in GHG emissions in one country caused by the reduction of GHG emissions in another country.<sup>3</sup>

However, **under the UNFCCC mechanism** through which REDD+ is being negotiated, this concept of **international emission leakage does not exist**, as all emissions from one country will need to be reported by the emitter country, and countries will be held accountable for emissions taking place inside the country only. (So for example, the theoretical emissions leakage caused by Vietnam, in say Laos, would be reported by Laos to the UNFCCC.)

**This means that the only way to reduce the risk of any theoretical international emissions leakage, would be to ensure that as many relevant countries participate in the REDD+ mechanism under the UNFCCC, as possible.**

Under the UN-REDD VN programme, this is being addressed through implementation of activities aimed to increase regional synergies in REDD+ implementation thereby facilitating regional neighbours’ engagement in REDD+.

### *Forest Law Enforcement Governance and Trade (FLEGT) in VN*

On the other hand, what is really at stake is **weak governance** which acquiesces import of illegal and unsustainable timber from other countries, including those which may be triggered by REDD+ implementation.

This concern of weak governance is being recognized also as a serious concern by consumer markets of Vietnamese timber products.

*“There is growing demand for assurance about the legality of timber from many of the*

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<sup>1</sup> “Joint FLEGT-Vietnam Scoping Study” Prepared by ProForest for EFI October 2009

<sup>2</sup> Ibid.

<sup>3</sup> Meyfroidt and Lambin, 2009 “Forest transition in Vietnam and displacement of deforestation abroad”

*markets to which Vietnamese products are exported. This has been driven by a range of different processes including the amendment to the Lacey Act in the USA, the current development of a Timber Regulation (formerly Due Diligence Regulation) under the EU FLEGT Action Plan, and a range of private and public sector purchasing policies which relate to verified legality of timber sources. These developments are related to increased consumer awareness in these markets and political will to mitigate impacts of climate change through combating illegal logging of forest resources.”<sup>4</sup>*

In order to address these issue, the Vietnamese government led by MARD has launched the Forest Law Enforcement, Governance and Trade (**FLEGT**) **Working Group in Nov 2009**. (For more information, see: [http://www.vietnamforestry.org.vn/list\\_news.aspx?ncid=117](http://www.vietnamforestry.org.vn/list_news.aspx?ncid=117))

As of **May 2010, Vietnam has officially started a negotiation process to join into a Voluntary Partnership Agreement (VPA) with the EU**, which would require the country to prepare the following for all timber based products to be exported to the EU (regardless of country of origin):

- 1) *Timber legality definition*
- 2) *Timber tracking system*
- 3) *Compliance with legality definition and application of tracking system*
- 4) *Licensing system*
- 5) *Independent monitoring*<sup>5</sup>

#### **What should UN-REDD VN Programme do?**

Most important is that the government has committed to engaging in both REDD+ and FLEGT processes.

From the perspective of REDD+, it is important to ensure that the on-going FLEGT process (supported by donors including European Forest Institute (EFI) and GTZ) is robust and being sufficiently supported.

Potential ways of UN-REDD support to the FLEGT process may include:

- Support through contribution of funds to FLEGT working group
- Share information in the progress of both process, and collaborate in areas such as stakeholder consultations.
- Conduct timber market analysis that takes the emergence of REDD+ into consideration: What are the impacts of REDD on timber trade? How will domestic supply change over time as a result of REDD+ in Viet Nam?
- Analyze how the REDD data model and reporting can contribute to the Timber Legality and Assurance System.
- Collaboration on **domestic** forest governance issues including:
  - Analysis on drivers of deforestation and forest degradation;
  - Analysis of the current legal and regulatory environment and identification of amendments needed for both REDD and FLEGT;
  - Ensuring safeguards, including respect for knowledge and rights of indigenous peoples and members of local communities, and conservation of natural forests and bio-diversity;
  - Support for forest companies in forest inventories and management plans;
  - Analyze data requirements and models of REDD and FLEGT and identify commonalities.

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<sup>4</sup> “Joint FLEGT-Vietnam Scoping Study” Prepared by ProForest for EFI October 2009

<sup>5</sup> “What is a Voluntary Partnership Agreement? – the EU approach” EFI Policy Brief 3

