

1 Rubber wood in Vietnam

Vietnam is the third largest exporter of natural rubber latex (UN Comtrade 2015). Rubber exports have been among the top dollar export earners for the country (OEC 2015). In 2013, the country's rubber plantation area accounted for 955,700 ha (General Statistic Office 2013), exceeding the initial plan of the government to expand rubber to 800,000 ha by 2020 (MARD 2008a).

The Southeast region has the biggest share of the country's rubber plantations (46.5%), followed by the Central Highlands (27%). The Central Highlands have the fastest expansion rate of plantations, often at the expense of natural forests (Phu c and Nghi 2014).

From 2010 to the present, the rubber plantations established between 1980 and 1990 are gradually being harvested. According to estimates, the current annual output of rubber wood is approximately 1 mil. m³ of high quality timber suitable for furniture production (Quang et al. 2015), making rubber wood an important domestic input for Vietnam's otherwise highly import dependent wood processing industry (EFI 2011). Imports of rubber wood have been gradually decreasing in recent years due to a higher rate of domestic supply (VGR 2014). Domestically rubber wood originates from four types of producers: the state-owned Vietnamese Rubber Group (VRG); Enterprises managed by the Provincial People's Committee (PPC); Households; and Private companies.

44.4% of the total national rubber plantation area is managed by companies belonging to

the VRG and enterprises run by the PPC, 49.3% is managed by households and the remaining 6.4% by private companies (TVS 2014). Currently, the VRG is responsible for 90% of total harvest. This figure, however, is likely to decrease in the coming years due to increasing supply from plantations managed by households and enterprises managed by the PPC (Tr n 2008).



Rubber trees (*Hevea brasiliensis*) are grown as a source of natural latex. When the trunks of rubber trees are cut, they exude a milky liquid – latex – that is collected and processed to make rubber. After the trees reach about 30 years of age, latex production declines. At that point the trees are harvested and the plantations are replanted. Rubber trees are native to South America but are now cultivated on millions of hectares around the world, mostly in Southeast Asia.

Rubber wood and the VPA

Rubber wood is currently not part of the negotiation process of the VPA and Vietnam has no formal guidance in ensuring the legality of rubber wood. However, all products listed under the annex of the European Timber Regulations require legal documents in conformity with the national legislation in order to enter the European market (EU 2010). The first negative impacts, partly due to the market requirements on the proof of the legal origin of timber, can already be seen on the timber and timber product export turnover, which fell more than 6% during the first quarter of 2015 compared to the same period in 2014 (Tuoitre online, 10 April 2015).



2 Rubber wood legality

A legal framework for companies operating under the VGR exists (see ANNEX), but this legal framework only applies for rubber wood grown on agricultural land. In 2008, the Prime Minister announced that the rubber tree is

classified as a multi-purpose plant that can be grown on agricultural and forest land (MARD 2008b). It is expected that legal requirements for transportation, processing and import/export of rubber wood will be aligned to the same regulations relevant to other kinds of plantation timber. However, a specific circular addressing this issue has not been issued yet, but is expected by the end of June 2015 (Tuoitre online, 10 April 2015).

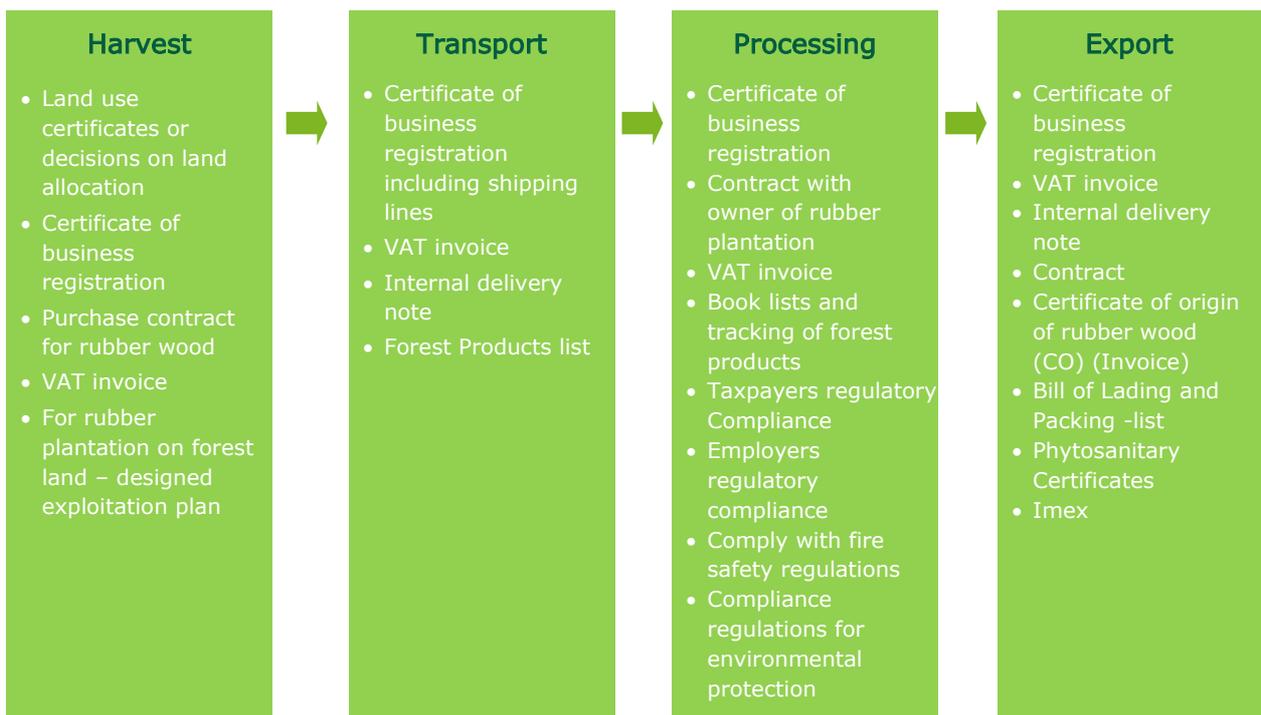
The existence of Land use certificates ('red books') is a crucial legality verifier for rubber wood. A certain number of households currently do not have land use certificates (Quang et al. 2015). The current draft of the VPA Timber Legality Definition addresses this issue, by accepting other documents such as decisions of the Commune People's Committee (CPC), or forest land allocation papers previously issued by Forest Protection ('green books') as a proof of legality (VNGO-FLEGT 2014). Rubber wood harvested from areas of encroached forest land without the above mentioned documents is considered illegal under Vietnamese law.

Risks of illegality in rubber wood supply chains exist in Vietnam. The following risks and mitigation actions have been identified:

Risk	Potential mitigation action
<p>The mixing of rubber wood with natural forest wood in the shipping process</p>	<p>Ensure the supplier has a comprehensive chain of custody system in place.</p>
<p>The general high level of risk of corruption in all stages of the timber supply chain in Vietnam. The 2014 Transparency International's 2014 Corruption Perceptions Index ranked Vietnam 116th out of 177 countries assessed and scored a corruption index of 31, meaning it has a high perception of corruption</p>	<p>To identify corruption in your supply chain, look out for:</p> <ul style="list-style-type: none"> • Complex or multi-stage supply chains or procurement processes; • A large number of involved individuals (contractors or subcontractors) • A lack of transparency in market information • Limited ground supervision • Indeterminate need • Incomplete or inconsistent documentation, including fictitious orders from real suppliers, part substitution, quantity changes and/or price changes. • Approvals processes from government officials which do not conform to standard timelines (i.e. the time taken to acquire a permit). <p>General measures to reduce corruption within your supply chain:</p> <ul style="list-style-type: none"> • Implement and enforce a company-wide code of conduct, including a zero tolerance anti-corruption policy. The code of conduct should address the corruption issue as a whole as well as specific examples, including bribery of government officials • Set up clear company directives and related sanctions for non-compliance • Provide training to all personnel on anticorruption laws and policies.

<p>The risk of illegal land conversion for the establishment of rubber plantations. Vietnamese law stipulates that only degraded forests can be converted into rubber plantations. Reportedly however, large areas of secondary forests have already been converted into rubber plantations (Tuoitre online, 7 April 2010; Phatluat Vietnam, 17 November 2010). Some argue that developing rubber plantation is done for the sole purpose of harvesting of the natural timber, with the planation venture abandoned once the timber has been harvested (Xuan and Canby, 2011) p. 16. Illegality in land conversion of natural forests to other uses is often caused by the decision of state competent authorities at the local level. These decisions are at risk of involving bribery and corruption, which is extremely difficult to detect.</p>	<p>To ensure land conversion has been carried out legally, you should have access to the following information:</p> <ul style="list-style-type: none"> • Decision on approving environmental assessment report of Provincial People's Committee for projects that change purposes for forest utility: 5ha or more for watershed protection forests, wave-breaking protection forests, special use forests; 10ha or more for natural forests; 50ha or more for other types of forests. • Document on accepting environmental protection commitment of District People's Committee or Commune People's Committee for the projects that change the purposes for forest utility and has area smaller than the area regulated in the Evidence 4.1.1. • Decision on approving Measure on compensation for site clearance. • Document of District People's Committee on allowing forest conversion for changing forest using purposes. • List of products to be harvested • Harvesting registration form of households.
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3 Supply chain documents for rubber wood



SEE ALSO:

- **INF.10** Plantation Factsheet
- **QG.01** Document Checklist

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Increasing capacity of CSOs and SMEs to implement FLEGT requirements.

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