



Plenary sitting

A8-0083/2019

22.2.2019

RECOMMENDATION

on the draft Council decision on the conclusion of the Voluntary Partnership Agreement between the European Union and the Socialist Republic of Viet Nam on forest law enforcement, governance and trade (10861/2018 – C8-0445/2018 – 2018/0272(NLE))

Committee on International Trade

Rapporteur: Heidi Hautala

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the draft Council decision on the conclusion of the Voluntary Partnership Agreement between the European Union and the Socialist Republic of Viet Nam on forest law enforcement, governance and trade
(10861/2018 – C8-0445/2018 – 2018/0272(NLE))**

(Consent)

The European Parliament,

- having regard to the draft Council decision on the conclusion of the Voluntary Partnership Agreement between the European Union and the Socialist Republic of Viet Nam on forest law enforcement, governance and trade (10861/2018),
 - having regard to the draft Voluntary Partnership Agreement between the European Union and the Socialist Republic of Viet Nam on forest law enforcement, governance and trade (10877/2018),
 - having regard to the request for consent submitted by the Council in accordance with first subparagraphs of Article 207(3) and (4), in conjunction with point (a)(v) of the second subparagraph of Article 218(6) and Article 218(7) thereof, of the Treaty on the Functioning of the European Union (C8-0445/2018),
 - having regard to its non-legislative resolution of ...¹ on the draft decision,
 - having regard to Rule 99(1) and (4), and Rule 108(7) of its Rules of Procedure,
 - having regard to the recommendation of the Committee on International Trade and the opinion of the Committee on Development (A8-0083/2019),
1. Gives its consent to conclusion of the agreement;
 2. Instructs its President to forward its position to the Council, the Commission and the governments and parliaments of the Member States and of the Socialist Republic of Viet Nam.

¹ Texts adopted of that date, P8_TA(0000)0000.

EXPLANATORY STATEMENT

Background

Vietnam became the third country in Asia to enter VPA negotiations in 2010, after Indonesia and Malaysia. Negotiations were concluded in May 2017 and the agreement was signed on 19 October 2018. The objective of the VPA, consistent with EU and Vietnam's joint commitment to the sustainable management of forests, is to provide a legal framework aimed at ensuring that all imports of timber and timber products from Vietnam into the EU covered by the VPA have been legally produced.

Vietnam is an important country in the timber trade context as it is home to the world's sixth largest, export-oriented wood processing sector. It is also a major importer of timber and timber products. Vietnam's factories consumed some 34 million cubic meters of timber and timber products in 2017, of which 25% was imported and 75% came from domestic plantation, many owned and managed by smallholders. The biggest source countries for logs and sawn timber in 2017 were Cameroon, USA and Cambodia. Imports grew in value by 68% over the period 2011-17. As a processing hub, Vietnam is a major exporter of timber products into the EU but also to the whole region, notably China.

Vietnam has been faced with the important challenge of tackling illegal timber trade over the past from Laos until their effective enforcement of an export ban, and in recent years again from Cambodia. Since 2015, Cambodia became Vietnam's second largest supplier of tropical timber, in spite of a reported ban¹ on exports to Vietnam. The two countries have a shared responsibility in fuelling this illegal trade, since Vietnamese authorities, notably at the provincial level, have taken formal decisions that do not respect the legislation of the country of origin, such as administering formal import quotas.

The VPA: once ratified a whole process begins

Under a VPA, a country commits to setting up a policy with a view to ensuring that no illegal timber will be exported to third countries, and notably to the EU². The signature of the VPA is therefore the beginning of a long process during which Vietnam will have to adopt whole set of legislation (the so-called Timber Legality Assurance System - TLAS) and set up the necessary administrative structures and capacity in order to implement and enforce its VPA commitments. The VPA will therefore contribute to fundamentally reforming Vietnam's timber sector. As a processing hub, it is crucial for Vietnam to also adopt legislation ensuring that only legally logged timber is imported into its market. Vietnam has committed to adopt such import control legislation and this is certainly one of the major achievements of the VPA.

The Rapporteur is of the view that Vietnam's import legislation plays a central role in the whole VPA implementation. Vietnam has already committed to including due diligence

¹ <https://www.phnompenhpost.com/national/despite-ban-timber-exports-vietnam-nearing-2016-total>

² VPA covers all major products exported to the EU, particularly the five compulsory timber products as defined in the FLEGT Regulation of 2005 (logs, sawn timber, railway sleepers, plywood and veneer) and also includes a number of other timber products such as wood chip particles, parquet flooring, particle board and wooden furniture. The Agreement covers exports to all third countries though, at least initially, the licencing scheme only applies to EU exports.

obligations for importers of timber and timber products, hence the objective here is to ensure that Vietnamese legislation is equivalent to the EU Timber Regulation (EUTR) as much as possible, in particular by providing equivalent due diligence requirements. Moreover, it is important to note that Vietnam has also committed to recognising the laws of country of harvest as a part of the legality definition under TLAS. However, Vietnam has, for the time being, not considered the inclusion of a full prohibition for illegal timber to enter the Vietnamese market, which would entail an obligation to seize such illegal timber.

Only once Vietnam has fully implemented all VPA commitments¹, they will be able to accede the EU FLEGT licencing scheme. This would be a major step also in terms of market access to the EU market, since timber imported under a FLEGT licence is presumed to be legal under EUTR. Accession to FLEGT licencing is a long-term goal, as Vietnam will need to ensure full implementation of VPA commitments and prove capacity to enforce the related national legislation. Since the accession of Vietnam to the FLEGT licencing scheme is approved via delegated act procedure, the European Parliament will have the responsibility to carefully assess whether VPA commitments and requirements have been fulfilled. The Rapporteur is of the view that the accompanying resolution to the consent recommendation provides the opportunity to clarify the benchmarks to assess whether Vietnam is in the future ready to accede the EU FLEGT licencing scheme.

Relation between the VPA and the EVFTA

The VPA and the EVFTA have so far played a mutually-supportive role. These two agreements intersect in the Trade and Sustainable Development (TSD) Chapter of the FTA, which contains provisions on the sustainable forest management and trade in forest products and which explicitly refers to the VPA². EVFTA will liberalise trade in VPA timber products at entry into force. Those imports will be covered by the general due diligence obligations of EUTR until the start of FLEGT licencing. Moreover, Vietnam is currently not considered a high-risk country with regard to imports to the EU. However, there is a need to further monitor the evolution of bilateral timber trade, including in the framework of the FTA TSD Chapter, in order to make sure that the additional liberalisation does not entail additional risks.

In conclusion, the Rapporteur suggests that the accompanying resolution to the consent recommendation should focus on the following benchmarking points for the implementation of the VPA:

- Vietnam will have to adopt import legislation that provides solid due diligence obligations. Such due diligence, should not be reduced to a mere tick-the-box exercise, but it should include all necessary steps of due diligence such as risk assessment and mitigation. Moreover, it should not just be a copy-paste from EUTR, but it should be matched with an adequate institutional set-up in order to ensure adequate enforcement.
- Vietnam's import legislation should provide for a prohibition to place illegal timber on

¹ The readiness of the TLAS system for FLEGT licensing will first be assessed jointly by the EU and Vietnam. Only if both parties agree that the system is robust enough, the licensing will be able to start.

² Article 13.8, paragraph 2(a) : [each Party shall] encourage the promotion of trade in forest products from sustainably managed forests and harvested in accordance with the domestic legislation in the country of harvest ; this may include the conclusion of a Forest Law Enforcement Governance and Trade (« FLEGT ») Voluntary Partnership Agreement.

the market, additionally to the due diligence obligation. This should also allow for the possibility to seize the illegal timber that has gone through customs.

- TLAS should not be only applied on paper but should also be enforced. This will imply reforms in the responsible public authorities, as well as allocation of adequate resources. Enforcement is key to ensuring VPA is not used to ‘launder’ illegal timber.
- Vietnam should agree to an Action Plan for VPA implementation, in order to keep up the high level of commitment and including actions to be taken to tackle illegal timber imports before TLAS becomes operational.
- Vietnam should consider expanding its future export licencing scheme to all third countries, besides the EU.
- Vietnam should work to stop the widespread corruption in particular in relation to customs authorities, which are in the lead in the implementation and enforcement of the VPA policy and tools. Vietnam should investigate, remove from function and bring to justice those who were responsible for authorising and managing the illegal trade in the past.
- All the illegal flows of timber across the Cambodian border must end. Therefore, timber from Cambodia should be considered as high risk in Vietnamese legislation. The option of stopping imports from Cambodia altogether should also be considered. Dialogue between the two countries should be improved.
- The Commission should maintain the pressure on big importing countries in the region such as China and Japan. This VPA has a very important regional dimension and has the potential of generating positive spill overs to other major importers. However, the Commission should further prioritise illegal timber trade in the bilateral relations with those countries.
- The VPA exercise has been so far an unprecedented positive example of civil society involvement in Vietnam. This should continue and Vietnam should stick to its pledge to involve CSOs in the implementation of the VPA. The involvement of CSOs is an important pillar of the VPA governance system.

ANNEX: LIST OF ENTITIES OR PERSONS FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT

The following list is drawn up on a purely voluntary basis under the exclusive responsibility of the rapporteur. The rapporteur has received input from the following entities or persons in the preparation of the Draft European Parliament Legislative Resolution on the draft Council decision on the conclusion of the Voluntary Partnership Agreement between the European Union and the Socialist Republic of Viet Nam on forest law enforcement, governance and trade:

Entity and/or person	
Faith Doherty, Jago Wadley	Environmental Investigation Agency, EIA
Edwin Shanks	European Forest Institute, EFI
Representatives	Handicraft and Wood industry association of Ho Chi Minh City, HAWA
Perrine Fournier	FERN
Jo Blackman	Global Witness
Mr Nguyen Xuan Phuc Vietnam, Prime Minister	Government of Vietnam
Mr Nguyen Xuan Cuong, Minister of Agricultural and Rural Development	Government of Vietnam
Mr Hà Công Tuấn, Deputy Minister of Agricultural and Rural Development	Government of Vietnam
Ms Nguyen Thi Kim Ngan, Chair of the National Assembly	Parliament of Vietnam
Provincial authorities, customs, police, border control, province leadership	Province of Gia Lai, Vietnam
Representatives	Centre for Education and Development – CED, Vietnam (NGO)
Representatives	Centre for Sustainable Rural Development (SRD), Vietnam (NGO)
Representatives	Pan Nature, Vietnam (NGO)
Representatives	World Wildlife Fund, WWF, Vietnam
Mr Say Sam Al, Minister of Environment	Government of Cambodia
Mr Veng Sakhon, Minister of Agriculture, Forestry and Fisheries	Government of Cambodia
Mr Sak Setha, Secretary of State of the Ministry of Interior	Government of Cambodia
Representative	Wildlife Conservation Society WCS, Cambodia
Representative	World Wildlife Fund, WWF, Cambodia
Representatives	Prey Lang Community Network, Cambodia
Markus Hardtke	Forest Crime
Gordana Topic	European Commission
Hugo-Maria Schally	European Commission
Astrid Schomaker	European Commission
Ambassador Bruno Angelet	EEAS, EU delegation in Hanoi

Ambassador George Edgar	EEAS, EU delegation in Phnom Penh
Ambassador Kari Kahiluoto	Embassy of Finland in Hanoi
Representatives	Embassy of Germany in Hanoi

25.1.2019

OPINION OF THE COMMITTEE ON DEVELOPMENT

for the Committee on International Trade

on the draft Council decision on the conclusion of the Voluntary Partnership Agreement between the European Union and the Socialist Republic of Viet Nam on forest law enforcement, governance and trade
(10861/2018 – C8-0445/2018 – 2018/0272(NLE))

Rapporteur for opinion: Jan Zahradil

The Committee on Development calls on the Committee on International Trade, as the committee responsible, to recommend that Parliament give its consent to the draft Council decision on the conclusion of the Voluntary Partnership Agreement between the European Union and the Socialist Republic of Viet Nam on forest law enforcement, governance and trade.

PROCEDURE – COMMITTEE ASKED FOR OPINION

Title	Voluntary Partnership Agreement between the EU and the Socialist Republic of Vietnam on forest law enforcement, governance and trade						
References	10861/2018 – C8-0445/2018 – COM(2018)0515 – 2018/0272(NLE)						
Committee responsible	INTA						
Opinion by Date announced in plenary	DEVE 25.10.2018						
Rapporteur Date appointed	Jan Zahradil 16.11.2018						
Discussed in committee	20.11.2018						
Date adopted	22.1.2019						
Result of final vote	<table> <tr> <td>+: </td><td>20</td></tr> <tr> <td>–: </td><td>1</td></tr> <tr> <td>0: </td><td>0</td></tr> </table>	+:	20	–:	1	0:	0
+:	20						
–:	1						
0:	0						
Members present for the final vote	Mireille D’Ornano, Doru-Claudian Frunzuliță, Enrique Guerrero Salom, Maria Heubuch, Teresa Jiménez-Becerril Barrio, Linda McAvan, Norbert Neuser, Vincent Peillon, Lola Sánchez Caldentey, Elly Schlein, Bogusław Sonik, Eleni Theoharous, Anna Záborská, Joachim Zeller, Željana Zovko						
Substitutes present for the final vote	Marina Albiol Guzmán, Agustín Díaz de Mera García Consuegra, Frank Engel, Stefan Gehrold, Maria Noichl, Judith Sargentini						

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

20	+
ECR	Eleni Theoharous
GUE/NGL	Marina Albiol Guzmán, Lola Sánchez Caldentey
PPE	Agustín Díaz de Mera García Consuegra, Frank Engel, Stefan Gehrold, Teresa Jiménez-Becerril Barrio, Bogusław Sonik, Anna Záborská, Joachim Zeller, Željana Zovko
S&D	Doru-Claudian Frunzulică, Enrique Guerrero Salom, Linda McAvan, Norbert Neuser, Maria Noichl, Vincent Peillon, Elly Schlein
VERTS/ALE	Maria Heubuch, Judith Sargentini

1	-
EFDD	Mireille D'Ornano

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention

PROCEDURE – COMMITTEE RESPONSIBLE

Title	Voluntary Partnership Agreement between the EU and the Socialist Republic of Vietnam on forest law enforcement, governance and trade	
References	10861/2018 – C8-0445/2018 – COM(2018)0515 – 2018/0272(NLE)	
Date of consultation / request for consent	19.10.2018	
Committee responsible Date announced in plenary	INTA 25.10.2018	
Committees asked for opinions Date announced in plenary	DEVE 25.10.2018	
Rapporteurs Date appointed	Heidi Hautala 29.8.2018	
Discussed in committee	20.11.2018	23.1.2019
Date adopted	19.2.2019	
Result of final vote	+: 37 -: 0 0: 0	
Members present for the final vote	Laima Liucija Andrikiienė, Maria Arena, Tiziana Beghin, Daniel Caspary, Santiago Fisas Aixelà, Christofer Fjellner, Karoline Graswander-Hainz, Heidi Hautala, Nadja Hirsch, France Jamet, Jude Kirton-Darling, Patricia Lalonde, Bernd Lange, David Martin, Emma McClarkin, Anne-Marie Mineur, Sorin Moisă, Inmaculada Rodríguez-Piñero Fernández, Kārlis Šadurskis, Marietje Schaake, Helmut Scholz, Joachim Schuster	
Substitutes present for the final vote	Klaus Buchner, Ramona Nicole Mănescu, Georg Mayer, Ralph Packet, Bolesław G. Piecha, Fernando Ruas, Lola Sánchez Caldentey	
Substitutes under Rule 200(2) present for the final vote	Georges Bach, Malin Björk, Ramón Jáuregui Atondo, Bernd Kölmel, Julia Pitera, Wim van de Camp, Mirja Vehkaperä, Marco Zanni	
Date tabled	22.2.2019	

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

37	+
ALDE	Nadja Hirsch, Patricia Lalonde, Marietje Schaake, Mirja Vehkaperä
ECR	Bernd Kölmel, Emma McClarkin, Ralph Packet, Bolesław G. Piecha
EFDD	Tiziana Beghin
ENF	France Jamet, Georg Mayer, Marco Zanni
GUE/NGL	Malin Björk, Anne-Marie Mineur, Lola Sánchez Caldentey, Helmut Scholz
PPE	Laima Liucija Andrikienė, Georges Bach, Wim van de Camp, Daniel Caspary, Santiago Fisas Ayxelà, Christofer Fjellner, Ramona Nicole Mănescu, Sorin Moisă, Julia Pitera, Fernando Ruas, Kārlis Šadurskis
S&D	Maria Arena, Karoline Graswander-Hainz, Ramón Jáuregui Atondo, Jude Kirton-Darling, Bernd Lange, David Martin, Inmaculada Rodríguez-Piñero Fernández, Joachim Schuster
VERTS/ALE	Klaus Buchner, Heidi Hautala

0	-

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention