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PHÂN TÍCH QUY TẮC XUẤT XỨ ĐỐI VỚI XUẤT KHẨU GỖ VÀ CÁC SẢN PHẨM GỖ TRONG HIỆP ĐỊNH CPTPP VÀ KHUYẾN NGHỊ CHO NGÀNH HÀNG GỖ VIỆT NAM

Đinh Cẩm Hồng[1], Nguyễn Hoàng Tịnh Nhi, Vũ Nguyễn Phú Bình, Thân Quang Bảo

Sinh viên K61 CLC Kinh tế – Viện Kinh tế & Kinh doanh quốc tế

Trường Đại học Ngoại thương, Hà Nội, Việt Nam

Vũ Huyền Phương

Giảng viên Viện Kinh tế & Kinh doanh quốc tế

Trường Đại học Ngoại thương, Hà Nội, Việt Nam

Tóm tắt

Ngành gỗ là một trong những ngành xuất khẩu chủ lực của Việt Nam ra thị trường quốc tế. Đặc biệt, với việc Hiệp định Đối tác Toàn diện và Tiến bộ Xuyên Thái Bình Dương (CPTPP) chính thức có hiệu lực ở Việt Nam vào ngày 30 tháng 12 năm 2018, một thị trường tiềm năng cho các ngành hàng của Việt Nam đã được mở ra, bao gồm ngành gỗ. Nghiên cứu này đi sâu vào đánh giá thực trạng, nghiên cứu các thách thức mà ngành gỗ Việt Nam phải đối mặt trong quá trình tuân thủ quy tắc xuất xứ của thị trường các quốc gia CPTPP. Từ đó, nhóm tác giả đề xuất các giải pháp nhằm đáp ứng các yêu cầu về quy tắc xuất xứ cho các ngành gỗ và thúc đẩy xuất khẩu gỗ cũng như các sản phẩm gỗ vào thị trường CPTPP.

Từ khóa: CPTPP, gỗ, Quy tắc xuất xứ, xuất khẩu

ANALYSIS ON THE RULES OF ORIGIN FOR WOOD EXPORT IN CPTPP AND RECOMMENDATIONS FOR VIETNAMESE WOOD INDUSTRY

Abstract

The wood industry is one of Vietnam's major exports to the global market. With the implementation of the Comprehensive and Trans-Pacific Progressive Partnership Agreement (CPTPP) on December 30, 2018, a potential market for various industries in Vietnam has been opened up, especially the wood industry. This research paper concentrates on evaluating the

[1] Corresponding author, Email: K61.2212150078@ftu.edu.vn

Vietnamese wood industry's current situation as well as the challenges of complying with the rules of origin of the Asia-Pacific market. Therefore, the authors propose solutions for the Vietnamese wood industry to meet the requirements of the rules of origin, thereby encouraging wood and wood products exports into the CPTPP market.

Keywords: CPTPP, wood, Rules of origin, export

1. Introduction

The wood industry is one of Vietnam's leading economic industries, with a strong market presence in most major markets around the world. In terms of exports, Vietnam is among the top five exporting countries of wood and wood products on a global scale (Vietnam Trade and Industry Review, 2022). Since coming into effect, CPTPP has created a significant competitive advantage for Vietnam's wood through its tariff reductions as well as other opportunities for the development of wood products. Currently, Vietnam has a surplus of wood exports into the CPTPP market, accounting for more than 20% of total wood exports to the world (Vietnam Trade and Industry Review, 2022).

Nevertheless, conforming to the regulations of this market is not an easy matter at all since there have been increasing challenges posed when exporting products into the Asia-Pacific region, specifically ROO. Therefore, this research paper aims to provide a comprehensive overview of Vietnam's current wood exports, highlighting the obstacles under ROO faced by the Vietnamese wood industry. Thus, the authors will suggest some strategies to ultimately maximize benefits for the Vietnamese wood industry when participating in CPTPP.

2. Overview of Rules of origin of wood in CPTPP

2.1. Overview of CPTPP

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is a free trade agreement initially involving 12 countries including the US, signed in February 2016. Following the US withdrawal in 2017, the remaining 11 nations finalized the agreement by March 2018.

Vietnam implemented CPTPP first on January 14, 2019, and the UK joined in July 2023, expanding membership to 12 countries. China, Taipei, Ecuador, Costa Rica, and Uruguay are official applicants. CPTPP largely retains TPP commitments but with adjustments and exclusions tailored to participant nations.

2.2 Overview of Rules of origin and Origin procedures in CPTPP

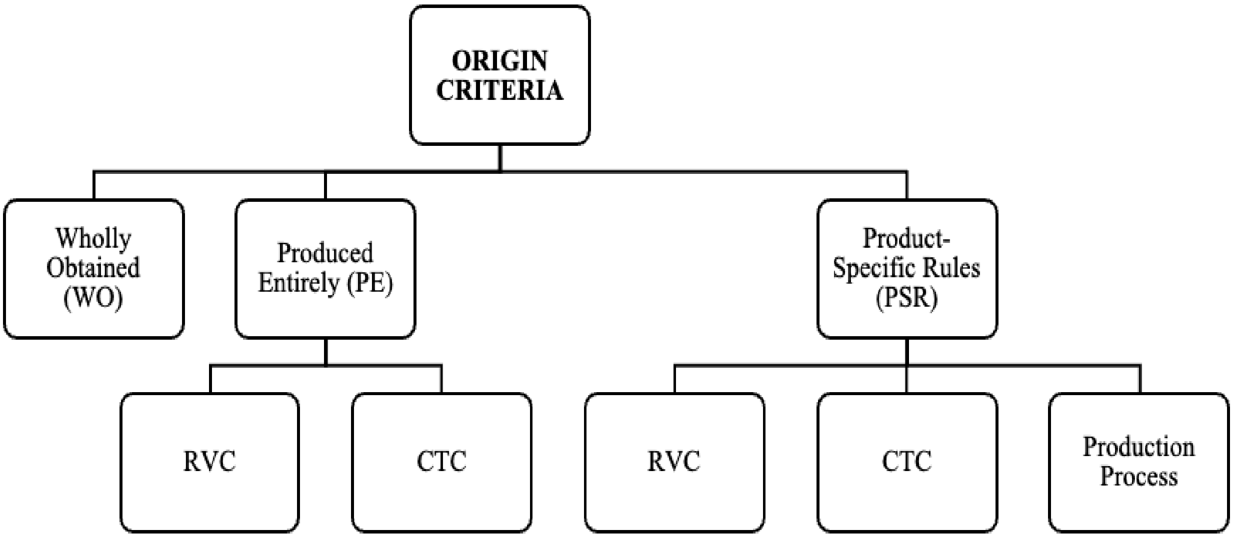
2.2.1. Rules of origin in CPTPP

According to Rules of Origin (ROO) in CPTPP found in "Chapter 3: RULES OF ORIGIN AND ORIGIN PROCEDURES" of CPTPP texts (VCCI, 2019a) and in "Annex 3-D – Product – Specific Rules of Origin" of Consolidated TPP texts (Government of Canada, 2017), a product will be deemed an originating good and be eligible for incentives if it falls into one of the three following scenarios:

(i) Wholly Obtained or Produced Goods

(ii) Goods produced entirely in the territory of one or more of the Parties

(iii) The Product-Specific Rules of Origin (PSR)



Source: Authors synthesized from CPTPP (2020)

2.2.2. Origin procedures in CPTPP

Regarding origin certification procedures, CPTPP stipulates the use of a self-certification mechanism of origin, in which Parties subject to self-certification of origin (TCNXX) comprise importers, exporters, and producers. However, due to variations in demand and willingness to implement the TCNXX mechanism for products immediately upon the Agreement's entry into force, the CPTPP allows member nations to use this mechanism during a transition period. During this transition time, CPTPP member countries are flexible in simultaneously using two origin certification mechanisms: *(a) competent authorities or organizations issuing Certificates of Origin (C/O); and (b) qualified exporters self-certifying the origin:*

- *For exported commodities*: Vietnam may use the reserving period to self-certify the origin of goods. After the maximum 10-year transition time expires (on January 14, 2029), Vietnam will completely implement the self-certification of origin of goods mechanism for exporters and producers. During that time, Vietnam could use two origin certification mechanisms simultaneously.

- *For imported goods:* Vietnam does not currently implement the self-certification mechanism for determining the origin of goods by importers under the CPTPP Agreement. Therefore, to benefit from preferential tariffs under the CPTPP Agreement, the certificate of origin for goods imported into Vietnam must be issued by the exporter or manufacturer of the exporting country. Vietnam planned to implement the self-certification of origin process for importers 5 years after the CPTPP Agreement enters into force for Vietnam, on January 14, 2024 (MOIT, 2023).

2.3. Rules of origin of Wood and Wood products in CPTPP

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) sets out specific ROO to determine whether goods, including wood and wood products, qualify for preferential tariff treatment.

Wood and wood products are considered originating if they are wholly obtained or produced in a CPTPP member country. This includes wood harvested, cut, and processed entirely within one or more CPTPP countries.

If the wood or wood product is not wholly obtained, it must undergo a substantial transformation in a CPTPP member country. Substantial transformation is typically defined by one of the following criteria:

- **Change in Tariff Classification (CTC)**: The product must change tariff classification at a specified level (e.g., change at the heading or subheading level) as a result of production occurring in one or more CPTPP member countries.
- **Regional Value Content (RVC)**: The product must meet a minimum percentage of regional value content, meaning that a specified portion of the value of the final product must be added within CPTPP member countries.

The CPTPP includes commitments regarding the ROO for products based on their HS codes. In general, for wood and wood products, the ROO in the CPTPP encompasses two main types:

1. *For wood and wood products classified under Chapter 44:* The Change in Tariff Classification (CTC) rule applies for the Group level (change in HS code at the 4-digit level). This means the final product's 4-digit HS code must differ from the HS code of non-originating materials.
2. *For wooden furniture products classified under Chapter 94:* A combination of the CTC rule and the Regional Value Content (RVC) rule requires that the product meets a minimum threshold of the value content originating from CPTPP member countries.

Table 1: Specific ROO for wood in CPTPP

HS CODE	RULE OF ORIGIN
44.01 - 44.21	A change to a good of heading 44.01 through 44.21 from any other heading.
9403.10 - 9403.40	A change to a good of subheading 9403.10 through 9403.40 from any other heading; or No change in tariff classification is required for the good of subheadings 9403.10 through 9403.40, provided there is a regional value content of not less than: (a) 30 percent under the build-up method; or

HS CODE	RULE OF ORIGIN
	(b) 40 percent under the build-down method; or (c) 50 percent under the focused value method taking into account only the non-originating materials of heading 94.03.
9403.50	A change to a good of subheading 9403.50 from any other heading; or No change in tariff classification is required for the good of subheading 9403.50, provided there is a regional value content of not less than: (a) 35 percent under the build-up method; (b) 45 percent under the build-down method; or (c) 55 percent under the focused value method taking into account only the non-originating materials of heading 94.03.
9403.60	A change to **outdoor furniture** of subheading 9403.60 from any other heading; or No change in tariff classification is required for outdoor furniture of subheading 9403.60, provided there is a regional value content of not less than: (a) 30 percent under the build-up method; or (b) 40 percent under the build-down method; or (c) 50 percent under the focused value method taking into account only the non-originating materials of heading 94.03; A change to any other good of subheading 9403.60 from any other heading; or No change in tariff classification is required for any other good of subheading 9403.60, provided there is a regional value content of not less than: (a) 35 percent under the build-up method; or (b) 45 percent under the build-down method; or (c) 55 percent under the focused value method taking into account only the non-originating materials of heading 94.03.

Source: Appendix 3-D of Chapter 3 CPTPP (2020)

3. Real situation of Vietnam's wood export

3.1. Vietnam's wood export situation before CPTPP (Before 2018)

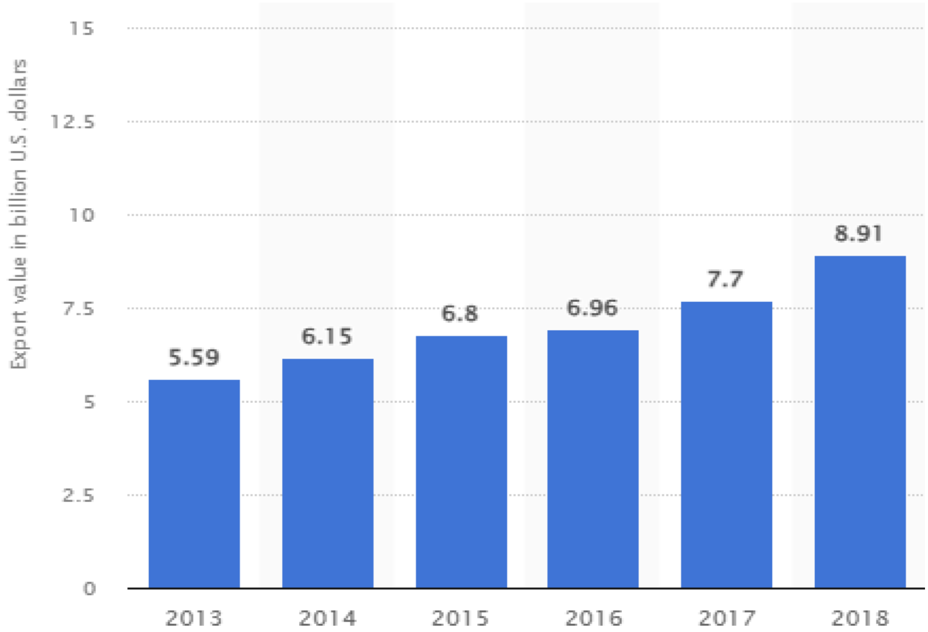


Figure 1: Export turnover of Vietnam's wood and wood products during the period 2014-2017 (billion USD)

Source: Statista (2023)

Wood and wood products have always been the top export products of Vietnam with large turnover and impressive growth. From 2013 to 2017, Vietnam's wood and wood product exports exhibited robust growth, with export turnover increasing from approximately 5.59 billion USD in 2013 to about 7.7 billion USD in 2017. The average export growth rate in the period 2013-2017 is 8.39%/year.

From a product perspective, wood products accounted for a substantial proportion, which on average occupied 75% of export turnover each year in the period 2010-2017 (VCCI, 2018). The three product groups with the highest growth in 2017 were wood pellets, wood chips, and plywood/joined wood (VCCI, 2018).

Table 2: Market share by nation of Vietnam's wood and wood products export in 2017

Market	Export Value (billion USD)	Market Share (%)
United States	3.45	44.8%
Japan	1.05	13.6%
China	0.77	10%
European Union	0.84	10.9%
South Korea	0.69	8.9%

Source: Author's compilation from ITC

Before the CPTPP came into effect in 2018, Vietnam's wood and wood products were exported to several key markets. The major export markets included the United States, Japan, China, the European Union, and South Korea takes approximately 87% of wood and wood products export value in 2017. In particular, the United States still leads among the largest export markets for Vietnam's wood, contributing to 45% of Vietnam's total wood export revenue (VITIC, 2018).

3.2. Current situation of Vietnam's wood export after CPTPP

3.2.1. Overall situation of Vietnamese wood industry after CPTPP

After more than five years of implementing the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership, Vietnamese exports have recorded many bright spots, especially in the wood industry: Vietnam's export turnover of wood and wood products reached 12.13 billion USD in 2020, increasing 13.9% from 2019. Specifically, wood products accounted for 77.2% of the overall export turnover, up from 73.7% in 2019 with a revenue of 9.54 billion USD (VIOIT, 2023).

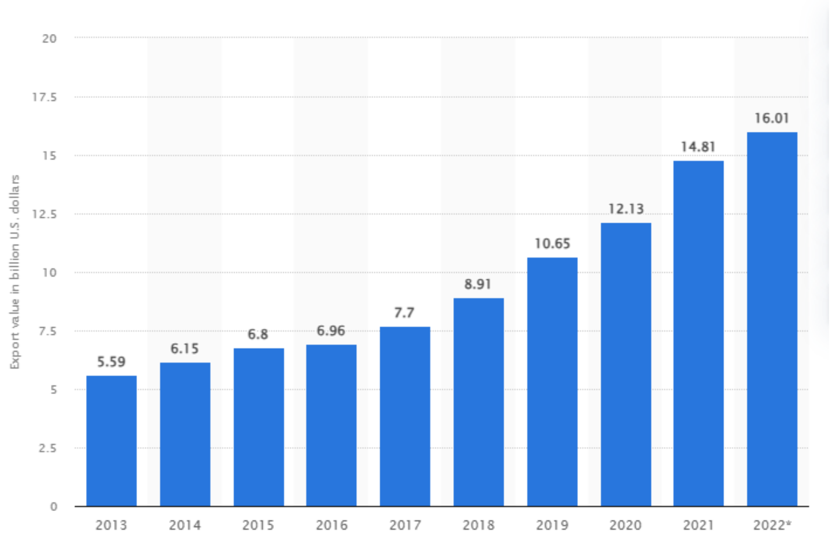


Figure 2: Export turnover of Vietnam's wood and wood products during the period 2013-2022 (billion USD)

Source: Statista (2023)

According to the Ministry of Industry and Trade, Vietnam currently maintains a trade surplus in wood and wood products with regards to the CPTPP market, accounting for approximately more than 20% of its total global exports of these commodities. Some CPTPP countries, such as Japan and Canada, are among Vietnam's largest wood and wood product export markets.

Within the CPTPP framework, each member country has different levels and timelines for reducing import tariffs on wood and wood products from Vietnam. For instance, prior to the CPTPP, Vietnam and Canada did not have a joint free trade agreement. As a result, Vietnamese wood and wood products were subject to Canada's high MFN tariffs. Under the CPTPP, Canada has committed to immediately eliminating tariffs on all wood and wood product lines from

Vietnam, providing a significant tariff advantage for this product group, particularly for certain goods that previously faced high MFN tariffs.

In 2020, on a global scale, Vietnam’s wood exports climbed to the sixth rank (VIOIT, 2023). Given the current state of the global economy and the challenges faced by commodity exporters, it can be said that this has been a miraculous year for Vietnam's wood and wood product exports. However, in the first two years of CPTPP implementation, the Agreement’s effectiveness was affected by the pandemic.

Table 3. Vietnam's export market share of wood and wood products 2020-2022

Market	Export turnover (thousand USD)		Export market share of wood and wood products (%)	
	2021	2022	2021	2022
World	4,557.382	5,848.971	100	100
China	1,426.874	2,114.481	31.3	36.2
CPTPP	1,121.463	1,575.744	24.6	26.9
Japan	947.640	1,371.961	20.8	23.5
Australia	23.281	25.380	0.5	0.4
Malaysia	115.664	131.565	2.5	2.2
Singapore	24.520	33.301	0.5	0.6
United States of America	922.269	825.792	20.2	14.1
Canada	22.666	23.021	0.5	0.4

Source: Author's compilation from ITC

Japan represents the third-largest market for Vietnam's wood and wood product exports, with export revenue reaching $1.39 billion in 2021, a 9.7% increase compared to 2020 and accounting for 9.8% of the industry's total export value. In 2022, up to the end of the first 10 months, Japan had been one of the two export markets that experienced the strongest growth in export revenue for Vietnam's wood industry, surging to the second-largest market position after the United States. The key export products to Japan include wood pellets, wood chips, and wooden furniture. Additionally, Canada is among the top 10 largest export markets for Vietnam's wood and wood products. In particular, exports in this field to Canada reached

$226.38 million in 2021, a 5% increase compared to 2020 and accounted for nearly 2% of the wood industry's total export value.

In conclusion, the CPTPP has had a positive impact on opening markets and reducing tariffs. Unfortunately, the COVID-19 pandemic dampened this growth somewhat. Nonetheless, the sector was able to overcome this setback, maintain production stability, and experience strong growth thanks to the efforts and coordination of stakeholders including businesses, entrepreneurs, forest owners, and managers.

3.2.2. Product types

In 2020, the Vietnamese wood industry saw strong growth in specific wood product categories, with certain types of products standing out as key contributors to export value. The most prominent wood products by export value included wood chips, plywood, wooden seats, and wood pellets. One of the key contributors was plywood, which saw a remarkable 94% increase in export volume and a 51% rise in value compared to the previous year (VIOIT, 2023). The significant jump in plywood exports also underscores Vietnam's competitiveness in offering high-quality, cost-efficient wood products that meet international standards. Wooden seats also recorded substantial growth, with a 32% increase in export value and a 22% increase in volume (VIOIT, 2023). The rise in demand for wooden seats is likely driven by the global trend towards eco-friendly, natural materials in interior design, as well as a shift away from plastic and metal-based furniture. Vietnam's ability to meet this demand with sustainably sourced timber and competitive pricing has helped establish it as a preferred supplier for many markets, especially within CPTPP member countries.

Given the rising demand and export prices in the global market, which presents prospects for both production and export, the Ministry of Industry and Trade views pellets as a promising development for the wood industry. The demand for wood pellets is particularly high in Japan, where environmental concerns and government policies are pushing for a shift away from fossil fuels. As a result, Vietnam’s wood pellet exports to Japan grew by three times between 2019 and 2022. This reflects a broader global shift towards renewable energy, with wood pellets becoming a key commodity for heating and electricity generation in eco-conscious markets.

Table 4. Vietnam's export market for wood pellets 2019-2022

Importers	Export Turnover (thousands USD)		Export proportion (%)	
	2021	2022	2021	2022
World	417.577	774.596	100	100
CPTPP	201.558	377.963	48.2	48.8
Japan	201.424	377.724	48.2	48.8

Importers	Export Turnover (thousands USD)		Export proportion (%)	
	2021	2022	2021	2022
Singapore	134	143	0	0
Malaysia		96		0

Source: Author's compilation from ITC

However, despite these successes, the year 2023 witnessed a 17% decline in wood pellet exports compared to the previous year. This drop can be attributed to various factors, including supply chain disruptions caused by global conflicts, price fluctuations, and increased competition from other suppliers. Nevertheless, the potential for wood pellets remains significant, with analysts forecasting that the product could reach the $1 billion export milestone in the near future, driven by continued demand in CPTPP countries and beyond.

In conclusion, the diversification of Vietnam's wood product portfolio has been a key driver of its export growth. The country's ability to adapt to market demands—whether in construction materials like plywood or renewable energy sources like wood pellets—has positioned it well for future growth. With a stable annual growth rate of 30-40% in the last ten years, the wood industry strives to achieve an export turnover of 20 billion USD by 2025, putting Vietnam in the top five global wood exporters after China, Canada, Poland and Germany.

3.2.3. Effect of the Rules of Origin

Within the CPTPP market, Vietnam has functional free trade agreements (FTAs) with seven member countries, namely Japan, Australia, New Zealand, Chile, Brunei, Malaysia, and Singapore. Vietnam has agreed to remove tariffs on almost all wood products in these free trade agreements (FTAs), either immediately or over a certain period of time. The MFN duty rates that Vietnam presently applies to wood and wood products imported from Canada, Mexico, and Peru (three partners with whom Vietnam did not have FTAs prior to CPTPP) are rather high: 5.43% for wood and 24% for wood products under Chapter 44. Consequently, the CPTPP will drastically alter Vietnam's import duties on wood and wood products from CPTPP nations, greatly lowering the tariff rates for goods that comply with the ROO. Particularly, the CPTPP will facilitate the purchase of machinery, equipment, and technology from developed countries like Japan when tariffs are lowered.

According to the Agency of Foreign Trade - Ministry of Industry and Trade, in 2021, the export turnover of wood and wood products from Vietnam to CPTPP member markets, for which C/O (Certificate of Origin) CPTPP forms were issued by agencies and organizations, reached 36.9 million USD, accounting for about 2% of the total export turnover of wood and wood products from Vietnam to these markets.

The export turnover of wood and wood products using CPTPP C/O forms, although still modest, has shown positive growth annually. In 2019, it reached 12.85 million USD, and by 2020, it nearly doubled to 23.82 million USD, accounting for 1.3% of the total export turnover of wood and wood products from Vietnam to these markets. By 2021, after 03 years of implementing the Agreement, the export turnover using C/O forms for these products to CPTPP markets had increased more than threefold compared to the first year of implementation, reaching 36.9 million USD. This indicates that businesses are increasingly taking advantage of the tariff incentives for wood and wood products provided by the Agreement.

The main export markets for Vietnam's wood and wood products using CPTPP C/O forms in CPTPP countries are Canada, Mexico, and Japan. In 2021, Canada and Japan were the two largest importers of Vietnam's wood and wood products with the highest value of CPTPP C/O forms issued, reaching 16.86 million USD and 13.08 million USD, respectively, accounting for 45.7% and 35.4% of the total value of CPTPP C/O forms for wood and wood products.

Table 5: Vietnam's export markets for wood and wood products to CPTPP countries using CPTPP C/O forms (2019 - 2021)

Markets	**2019**		**2020**		**2021**	
	Export Turnover (millions USD)	**Export proportion (%)**	**Export Turnover (millions USD)**	**Export proportion (%)**	**Export Turnover (millions USD)**	**Export proportion (%)**
Canada	8.16	63.5	13.05	54.8	16.86	45.7
Mexico	0.37	2.9	1.89	7.9	6.75	18.3
Japan	4.12	32	8.53	35.8	13.08	35.4
Other CPTPP countries	0.2	1.6	0.35	1.5	0.21	0.6
Total	12.85	100	23.82	100	36.9	100

Source: Agency of Foreign Trade (2023)

The export of wood and wood products with CPTPP C/O forms to these markets has increased significantly, averaging 2 to 3 times after 03 years of implementing the Agreement. Among these, Japan, although being the largest importer of Vietnam's wood and wood products within the CPTPP bloc, has a low rate of wood and wood products exported to this market using CPTPP C/O forms, only reaching 0.9%. This is because Vietnamese enterprises mainly use AJ C/O forms under the AJCEP (ASEAN - Japan) Agreement and VJ C/O forms under the VJEPA (Vietnam - Japan) Agreement when exporting to this market.

4. Challenges of the Vietnamese wood industry in complying with the ROO within the CPTPP framework

The implementation of the CPTPP has opened up promising opportunities for the Vietnamese wood industry to access the Asia-Pacific market. However, there are several unresolved issues related to ROO that the Vietnamese wood industry continues facing.

Non-CPTPP imported input proportion:

Under the CPTPP, goods must be considered to be of CPTPP origin in order to receive preferential tariffs. This means that the raw materials used to produce the goods should also be of CPTPP origin (DFAT, 2021).

Vietnam is the second-largest wood exporter in Asia and the fifth-largest in the world, requiring a significant supply of timber. As Vietnam's policies now tighten on natural domestic forest harvesting, the country must import timber from various countries, necessitating stricter management of imported timber sources.

Table 6: Vietnam Wood Imports Value and Partner Share in 2021

Partner Name	Import (USD thousand)	Partner Share (%)
China	2,070,106.97	30.01%
United States	735,370.77	10.66%
Japan	603,913.7	8.76%
Indonesia	425,703.14	6.17%
Thailand	420,763	6.10%
Korea, Rep.	412,670.3	5.98%
Other Asia, nes	195,634.23	2.84%
Brazil	157,576.98	2.28%
Cameroon	132,086.74	1.92%
Malaysia	122,834.04	1.78%

Source: WITS (2021)

According to Table 6 by WITS (2021), the top 10 partner countries from which Vietnam imported wood in terms of both volume and share in 2021 include: China, the United States, Japan, Indonesia, Thailand, Korea, other Asian nations, Brazil, Cameroon, and Malaysia. As shown in the table, the list includes only 2 CPTPP members (Japan and Malaysia). Moreover, among the 2 countries, only Japan's proportion was significant (approximately 8.76%) and included in the top 5, while Malaysia's share was the lowest among the group (only 1.78%). Thus, there are still 10 other CPTPP members that Vietnam has not fully taken advantage of in terms of wood sourcing. Such missed opportunities caused loss of preferential tariffs that Vietnam would have benefited from if Vietnam followed the rule of origin in CPTPP.

Reliance on high-risk timber for production:

Another challenge for Vietnam to implement CPTPP's ROO for wood is the proportion of high-risk wood imports as a source for manufacturing. Following the Decision No.4832/QD-BNN-TCLN, announced 2020 by the Ministry of Agriculture and Rural Development, these wood imports are divided in 2 categories: "Low-risk timber" refers to timber imported from the 51 countries included on the list of positive geographies. "High-risk timber" refers to timber imported from countries not listed as a positive geography (Phuc et al., 2021).

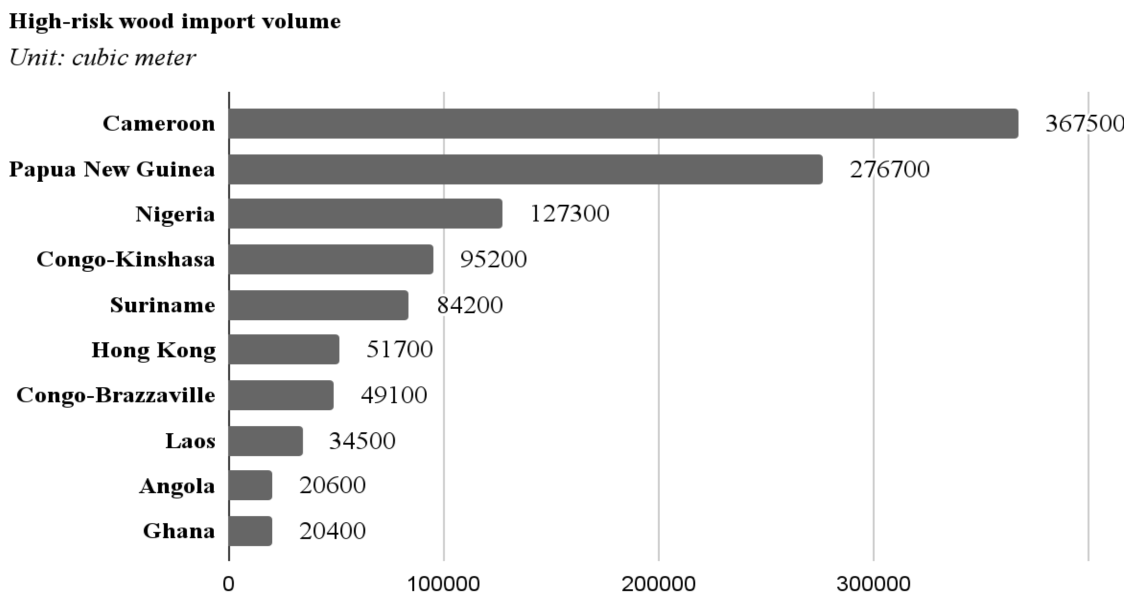


Figure 3: Top 10 Sources of High-risk wood import to Vietnam by volume in 2022

Source: The Saigon Times (2023)

In 2022, Vietnam imported 6.36 million cubic meters of roundwood and sawnwood equivalent, worth over 2 billion USD, from 96 different countries and territories, including 41 low-risk markets and 55 high-risk markets. The amount of timber imported from high-risk markets accounted for 40% of the total imported raw timber supply into Vietnam. The high-risk sources were primarily from African countries, Laos, and Papua New Guinea.

In summary, a significant proportion of imported timber in the Vietnamese wood industry is categorized as high-risk. This not only affects compliance with ROO but also raises sustainability and legality issues.

Practices of Vietnamese firms:

On April 20, 2021, Forest Trends, the Vietnam Timber and Forest Product Association, and several local timber associations organized a workshop titled "Controlling the Legality of Imported Tropical Timber". Mr. Vuong Trong Duy, representing Long Hung Wood Import-Export Company, shared that due to the small scale of raw material importing businesses, they lack the resources to inspect the source of goods. Their limited capabilities make it difficult to verify the legality of documents. Even large enterprises find it challenging to understand and fully comply with the regulations of the source country. Additionally, very few timber importers can purchase directly from harvesters, as they must go through intermediaries. Nevertheless, requesting legal documents from such intermediaries is very difficult, as it is sometimes considered a trade secret (VGP News, 2021). In summary, it is the issue of small-scale import and intermediaries' involvement in the trade process that challenges Vietnam's wood industry to comply with CPTPP's rules of origin.

5. Recommendations for Vietnamese wood industry

Strengthening Domestic Raw Material Bases

To ensure sustainable development, the Vietnamese wood industry should focus on increasing the share of domestically sourced, certified wood to reduce reliance on imported high-risk timber. By investing in local afforestation programs and forming partnerships with certified forest owners, the industry can ensure compliance with ROO. Additionally, this approach would contribute to sustainable development by reducing environmental impacts and strengthening long-term supply chains.

To address non-CPTPP imported input proportion, Vietnamese wood businesses should focus on sourcing raw materials from CPTPP member countries so that the businesses can take full advantage of the CPTPP's preferential tariffs. This strategy would reduce dependence on non-CPTPP timber imports, which are more likely to fail ROO compliance. Emphasizing partnerships within the CPTPP region will help the wood industry secure long-term access to legal, certified wood products that meet export requirements.

Reducing proportion of high-risk timber

With the aim of minimizing the high-risk timber proportion in Vietnam's wood industry, it is essential to implement a comprehensive strategy that strengthens legal frameworks, improves traceability, promotes sustainable forest management, enhances international cooperation, and raises awareness. Specifically, recommendations include: developing and enforcing clear laws and regulations for all types of wood, implementing systems to track the origin and legality of wood products, supporting sustainable forestry practices and encouraging businesses to adopt responsible sourcing, collaborating with other countries to combat illegal logging and trade, and educating consumers and businesses about the importance of sustainable wood sourcing and the risks associated with illegal timber. By implementing these measures, Vietnam can significantly reduce its reliance on high-risk timber, improve its reputation as a responsible wood supplier, and contribute to global efforts to protect forests and combat illegal logging.

Technology & Traceability Systems

The industry should adopt traceability systems that track the origin of wood products from source to final export. This can involve the use of blockchain technology or RFID (radio-frequency identification) tagging systems to verify that timber meets the strict ROO requirements. By implementing such technologies, businesses can more easily comply with certification processes and reduce the risk of non-compliance.

Sustainable Forest Management Practices

Vietnamese companies should focus on sustainable forest management practices that align with international standards, such as FSC (Forest Stewardship Council) certification. These practices not only ensure compliance with CPTPP’s rule of origins but also enhance the industry's reputation as a sustainable and responsible exporter, opening doors to more international markets.

CONCLUSION

The implementation of Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) has undoubtedly brought opportunities and challenges for the Vietnamese wood industry. The study has identified the challenges facing the wood industry when complying with the rules of origin (ROO) within the CPTPP framework, thereby proposing solutions on both a national and enterprise scale in order to encourage exports for the overall wood industry.

While tariff reductions and expanded market access have boosted exports, the sector still faces significant obstacles due to the complexities of complying with the CPTPP’s rules of origin and the industry's continued reliance on high-risk timber from non-CPTPP countries. To fully harness the benefits of the CPTPP, Vietnam’s wood industry must adopt a more strategic approach. This includes sourcing more raw materials from CPTPP member countries, enhancing traceability systems to ensure compliance with ROO, and reducing reliance on high-risk timber imports. By investing in sustainable forestry practices and embracing technological solutions like blockchain for origin verification, Vietnamese wood exporters can better position themselves to meet global standards and consumer expectations for legality and sustainability.

In conclusion, while the CPTPP presents numerous opportunities for Vietnam's wood industry to expand its global footprint, these can only be fully realized through a concerted effort to overcome the industry's challenges. By leveraging the opportunities within CPTPP, investing in sustainable practices, and enhancing traceability, the Vietnamese wood industry can not only thrive in the competitive global marketplace but also contribute to broader economic and environmental goals.

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