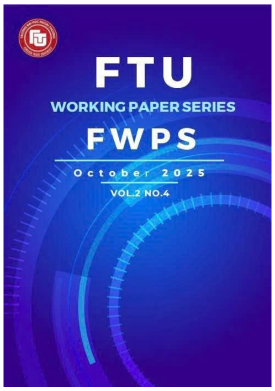

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RÀO CẢN THƯƠNG MẠI TRONG KHUÔN KHỔ VJEPA: NGHIÊN CỨU VỀ XUẤT KHẨU SẢN PHẨM GỖ CỦA VIỆT NAM SANG NHẬT BẢN

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RÀO CẢN THƯƠNG MẠI TRONG KHUÔN KHỔ VJEPA: NGHIÊN CỨU VỀ XUẤT KHẨU SẢN PHẨM GỖ CỦA VIỆT NAM SANG NHẬT BẢN

Tóm tắt

Bài nghiên cứu này sẽ cung cấp một cái nhìn chuyên sâu về các rào cản thương mại trong Hiệp định Đối tác Kinh tế Việt Nam - Nhật Bản (VJEPA), với trọng tâm là cách các rào cản này ảnh hưởng đến xuất khẩu sản phẩm gỗ của Việt Nam sang Nhật Bản. Mặc dù VJEPA đã đưa ra các ưu đãi về thuế quan và đối xử ưu đãi, các rào cản phi thuế quan nghiêm trọng vẫn đang tác động đến các nhà xuất khẩu Việt Nam, chẳng hạn như các quy định kỹ thuật khắt khe, quy trình đánh giá sự phù hợp và yêu cầu về chứng nhận bền vững. Để xác định các rào cản chính đối với khả năng tiếp cận thị trường, nghiên cứu sử dụng phương pháp nghiên cứu tình huống, phân tích dữ liệu thương mại, khung pháp lý và phỏng vấn trong ngành. Kết quả cho thấy các doanh nghiệp nhỏ và vừa (SMEs) trong ngành gỗ Việt Nam gặp khó khăn trong việc tuân thủ các tiêu chuẩn của Nhật Bản, như chứng nhận JAS và xác minh tính hợp pháp. Nhằm tận dụng tốt hơn VJEPA và thúc đẩy thương mại gỗ bền vững, nghiên cứu kết thúc với các đề xuất về việc tăng cường hỗ trợ thể chế, nâng cao năng lực kỹ thuật và tận dụng các cơ chế hợp tác song phương.

Từ khóa: VJEPA, sản phẩm gỗ, Nhật Bản, Việt Nam, xuất khẩu, cơ hội, thách thức

TRADE BARRIERS UNDER VJEPA: A CASE STUDY OF VIETNAM'S TIMBER PRODUCTS EXPORT TO JAPAN

Abstract

This paper will give an in-depth look of the Vietnam - Japan Economic Partnership Agreement (VJEPA) trade barriers with an emphasis on how they affect Vietnam's exports of timber products to Japan. Even with VJEPA's tariff reductions and preferential treatment, serious non-tariff barriers still affect Vietnamese exporters, such as stringent technical rules, conformity assessment processes, and sustainability certification requirements. In order to determine the main barriers to market access, the research employs a case study methodology, analyzing trade data, regulatory frameworks, and industry interviews. The results show that small and medium-sized businesses (SMEs) in Vietnam's timber industry face difficulties adhering to Japanese standards, such as JAS certification and legality verification. In order to better utilize VJEPA and advance sustainable timber trade, the study ends with suggestions for strengthening institutional support, boosting technical capacity, and utilizing bilateral cooperation mechanisms.

Keyword: VJEPA, timber product industry, Japan, Vietnam, exports, opportunities, challenges

Introduction

Timber and wood export industry has been an active economic engine for Vietnam, putting it on the list of the world's leading exporters in the wood and timber products group. As Vietnam increasingly shifts its emphasis toward value-chain manufacturing, forest management, and international market incorporation, it has remained in the process of consolidating its stake in high-potential economies, including Japan. One milestone in bilateral economic relations was the signing in 2008 and entry into force in 2009 of implementation of the Vietnam - Japan Economic Partnership Agreement (VJEPA). It aims to foster bilateral economic cooperation through the elimination of duties, investment facilitation, and cooperation in the sector, thereby creating opportunities for Vietnamese export firms in the forestry sector to tap the high-technology market in Japan.

Its status as one among significant markets in Vietnam for wood and wood products is reaffirmed by the high-value, lawfully manufactured, and environmentally certified products which it requires. The VJEPA is an opportunity as it opens opportunities for preferential access to the market coupled with higher trade volumes, it is, in turn, an imperative in the sense that it demands enhanced technological capacities and regulatory systems for the fulfillment of Japan's stringent standards and sustainability requirements. This paper intends to analyze the constantly shifting contours of Vietnamese exports of wood products into Japan in the framework of VJEPA. It elaborates on how the agreement impacts the patterns of trade, the extent to which Vietnamese companies have managed to benefit from its provisions, and the strategic adjustments needed in order to further strengthen the competitiveness of Vietnam in the Japanese market. Combining trade statistics, the analysis of policies, and the works of the industry, the paper tries to go deep into the interrelation between trade agreements and the industrial development in the framework of the export strategy for the country.

1. Theoretical Background

1.1. Introduction of the VJEPA agreement

VJEPA, signed in December 2008 and effective from October 2009, was Vietnam's first bilateral free trade agreement following its accession to the World Trade Organization. It was established during a time of global economic downturn (post-2008 financial crisis), which significantly impacted Vietnam–Japan trade. The agreement emerged from nearly 50 years of growing diplomatic relations, fueled by geographic proximity, cultural similarities, and mutual economic interests. the VJEPA is designed to eliminate tariffs, reduce trade barriers, and promote deeper economic cooperation between Vietnam and Japan.

Beyond the advantages of tariff reductions, the EJVPA also strengthens Vietnam's position in the global supply chain. By aligning Vietnamese products with Japan standards - especially in areas such as technical regulations and sustainable production practices - Vietnam is better equipped to meet the growing demand for high-quality timber products in the Japanese market.

1.2. The Main Contents of the VJEPA

For trade in goods, Japan has committed to cut 96.45% of tariff lines for goods exported from Vietnam, while Vietnam would liberalize 90.64% of Japan's total trade by 2026. On the Japanese side, within 5 to 10 years, Vietnam's primary exports to Japan, including textiles, footwear, and seafood, would enjoy a 0% preferential tariff rate. Agricultural products, which are likewise areas in which Vietnam excels but which are also heavily protected by Japan, also receive preferential treatment, with 36% of tariff lines being instantly slashed *(Viet Nam Ministry of Industry and Trade, n.d.)*

When executing the immediate elimination of tariffs on chemical products, pharmaceuticals, and electronic machinery, Vietnam's roadmap for tariff reduction promised in the VJEPA is largely consistent with other free trade agreements in which Vietnam also participates. The remaining tariff lines are mainly sensitive products that Vietnam has a policy of protection including alcohol, tobacco, oil and gas, cars and auto parts, iron and steel, cotton and fabrics *(Vietnam Chamber of Commerce and Industry, 2015)*.

For foreign direct investment, the provisions on promotion and protection of investment between the two countries and improvement of the investment environment have been revised in accordance with the VJEPA on the basis of the contents mentioned in "the Agreement between Japan and the Socialist Republic of Vietnam for the Liberalization, Promotion and Protection of Investment (BIT)" *(Vietnam Chamber of Commerce and Industry, 2019)* which has been in effect since 2003.

2. Tariff commitment of Japan for timber products under VJEP

Overall, Japan liberalized 94.53% of its trade turnover under VJEPA, with the vast majority of Vietnamese timber exports, particularly raw materials and semi-finished wood goods, enjoying full duty-free access *(Ministry of Foreign Affairs of Japan, 2009; Ministry of Industry and Trade of Vietnam, 2022)*. By the final year of the schedule (2026), this rose to about 96.45% of all tariff lines being duty-free for Vietnamese goods *(World Trade Organization, 2012)*.

More specifically, Japan implemented significant tariff reductions on timber products to facilitate trade. For raw and semi-processed wood materials, including logs **(HS 4403)**, sawn timber **(HS 4407)**, and veneer, Japan eliminated import duties immediately upon the agreement's entry into force in 2009 or within about 10 years. This rapid liberalization gave Vietnamese exporters preferential access to Japan's market for primary wood products. Processed wood items, such as plywood **(HS 4412)** and certain furniture categories **(HS 9403)**, also benefited from early duty-free treatment, though select high-value or specialty products faced longer phase-out periods *(Ministry of Finance Japan, 2009; WTO, 2012)*

3. Non-Tariff Barriers: Technical Regulations, Standards and Conformity Assessment Procedures under VJEPA

While the VJEPA primarily eliminates tariffs, it plays an equally important role in addressing **non-tariff barriers (NTBs)** that affect the timber trade. Japanese import requirements - including those related to technical regulations, certification systems, sustainability standards, and customs procedures - can pose substantial challenges to Vietnamese exporters. This essay examines key categories of NTBs and how VJEPA contributes to overcoming them.

3.1. Phytosanitary Measures (SPS)

Although the timber industry is not as sensitive to SPS issues as agriculture or food products, wood products, particularly raw logs, pallets, or wooden packaging, are subject to Japan's strict phytosanitary controls to prevent the introduction of harmful pests and diseases. Under the WTO SPS Agreement, countries have the right to implement measures to protect plant health, but these must be based on scientific evidence and applied in a non-discriminatory and transparent manner *(World Trade Organization, 1995)*.

Japan requires wood imports to comply with phytosanitary treatments such as fumigation or heat treatment, especially for solid wood packaging materials, in accordance with the International

Standards for Phytosanitary Measures No. 15 (ISPM 15), developed by the International Plant Protection Convention *(IPPC, 2019)*. Any detection of pests such as the pine wood nematode or longhorn beetle can result in shipment rejection or destruction *(Ministry of Agriculture, Forestry and Fisheries of Japan, n.d.)*.

VJEPA supports cooperation in the area of SPS by promoting transparency in Japan's import requirements, timely notification of regulatory changes, and the facilitation of mutual understanding on pest risk assessments and treatment protocols. It also provides a forum for dialogue through the SPS Sub-Committee, where Vietnam and Japan can discuss concerns, exchange technical data, and explore equivalence of phytosanitary treatments *(Ministry of Foreign Affairs of Japan, n.d.).* This mechanism is especially important for Vietnamese exporters of wooden pallets, crates, and unprocessed wood that are more vulnerable to SPS restrictions *(Sasatani & Eastin, 2015).*

3.2. Certification and Sustainability Standards

Japan's Clean Wood Act, which has become increasingly stringent since its implementation in 2017 and will require mandatory due diligence from 2025 onward, obligates importers to prove that timber is legally harvested and sustainably sourced. Vietnamese exporters must therefore furnish verifiable evidence such as export licenses, Certificates of Origin, and internationally recognized forest certifications like FSC (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification).

To address this, Vietnam has developed its Timber Legality Assurance System (VNTLAS) in conjunction with the Voluntary Partnership Agreement (VPA/FLEGT) with the European Union. VJEPA complements these efforts by promoting the mutual recognition of national legality verification systems and encouraging harmonization with Japanese standards. It also allows for technical cooperation and capacity-building measures to support Vietnamese stakeholders in improving supply chain traceability, risk assessment mechanisms, and electronic verification systems. This is especially important as Japanese buyers increasingly demand transparent due diligence documentation to fulfill their legal responsibilities.

3.3. Technical Barriers to Trade (TBT)

Japan enforces strict technical regulations on wood products, particularly regarding formaldehyde (CH_2O) emissions in plywood and engineered wood, as well as product conformity to JIS (Japanese Industrial Standards) or JAS (Japanese Agricultural Standards) for quality, durability, and safety *(Sasatani & Rakhovskaya, 2019)*. These requirements can significantly raise the compliance burden for Vietnamese small and medium-sized enterprises (SMEs), which often lack the financial or technical capacity to certify products to Japanese specifications.

To mitigate these challenges, the TBT provisions under VJEPA are grounded in the WTO's TBT Agreement, reinforcing principles such as non-discrimination, transparency, and avoidance of unnecessary trade restrictions. Vietnam's designated enquiry point for TBT matters is the Directorate for Standards, Metrology, and Quality (STAMEQ), which collaborates with Japanese counterparts to ensure regulatory updates and conformity procedures are clearly communicated.

Importantly, VJEPA established a Sub-Committee on Technical Regulations, Standards, and Conformity Assessment Procedures, which facilitates bilateral discussions, clarifies requirements, and promotes mutual acceptance of test results and certifications. This mechanism helps Vietnamese firms have better understand and anticipate Japan's evolving technical requirements, reducing risks of shipment rejection or delays at customs. *(Ministry of Foreign Affairs of Japan, n.d.)*.

3.4. Rules of Origin (ROO) & Customs Procedures

Although tariff elimination is central to VJEPA, exporters must comply with strict Rules of Origin (ROO) to qualify for preferential tariffs. Ambiguity or administrative complexity in verifying origin can act as a non-tariff barrier, particularly for processed wood products with multi-country supply chains.

VJEPA addresses these issues through streamlined customs provisions that prioritize transparency, predictability, and digitalization. It mandates the use of standardized documentation (e.g., Certificate of Origin - Form VJ), promotes electronic customs data exchange, and supports faster clearance procedures. Timber products must be either wholly obtained or substantially transformed in Vietnam - for example, through sawing, kiln drying, or veneer lamination - to be deemed originating under ROO.

These reforms not only reduce transaction costs and compliance risks for Vietnamese exporters but also align with Japan's sustainability requirements by ensuring that only legally and verifiably processed timber receives preferential treatment. Additionally, these provisions help prevent trade deflection and reinforce trust between the two countries' customs administrations.

3.5. Current situation of Vietnamese timber exporting corporations navigating Japanese non-tariff measures (NTMs)

To facilitate smoother compliance, Vietnam and Japan signed a Memorandum of Co-operation on Forestry in May 2024, focusing on legality assurance, sustainable forest management, and timber-chain traceability *(Vietnam News, 2024).* This MoC aims to streamline certification processes by promoting joint research, information-sharing on national legality systems, and technical collaboration on due-diligence methodologies - yet it does not eliminate the multilayered documentation and testing now demanded by Japanese authorities.

On Vietnam's side, implementation of **Decree 102/2020/NĐ-CP** (VNTLAS) has begun to yield measurable reductions in high-risk timber exports: products containing high-risk species now represent merely 0.2% of Vietnam's export value to Japan, down sharply from prior years *(ITTO, 2023)*. However, independent assessments note that due-diligence information exchange and digital traceability integration remain uneven, leading to occasional shipment delays and added testing costs.

In response, leading Vietnamese timber corporations are accelerating investments in certification, laboratory capacity, and digital systems. Over 90% of major exporters now hold FSC or PEFC certification, with several obtaining Japan Agricultural Standard (JAS) approval for structural timber products. Companies are upgrading ISO-accredited labs and partnering with Japanese test houses to shorten SPS and chemical-residue testing turnaround. Moreover, the integration of VNTLAS with blockchain platforms is automating origin verification, while pursuit of Authorized Economic Operator (AEO) status promises reduced customs inspections. Such comprehensive measures are enhancing the competitiveness of Vietnamese timber by demonstrating legal, sustainable, and low-carbon supply chains to Japanese importers *(Vietnam Briefing, 2025).*

4. Exporting Vietnamese timber product

4.1. The situation of Vietnamese timber products exporting to Japan upon the VJEPA

4.1.1. Before VJEPA took effect

Official bilateral relations between Japan and North Vietnam have been signed since 1973, but Vietnam only began to open its economy and started exporting after Doi Moi - the economic reforms launched in 1986. However, the main exporting market was The Union of Soviet Socialist

Republics from 1986 to 1991, according to the report of the General Statistics Office. In the early 1990s, Japan stepped in as a major partner as Vietnam shifted away from Soviet-oriented trade . By 1994, Japan had become Vietnam's largest trading partner and primary export market, with over 1.4 billion USD in total export value *(General Statistics Office, 2006)*. Much of this early export value came from crude oil and agriculture, but Japan's engagement helped diversify Vietnam's export base. Notably, Vietnam began developing its wood-processing industry during this period.

But in the 1990s, Vietnam faced a serious issue in the timber industry. A significant forest loss was caused by large-scale logging, where 4.5 million cubic metres of logs were felled in natural forests in one year, so in 1992, the Vietnamese government began imposing controls on the logging industry, whilst hugely expanding wooden furniture production for export *(Environmental Investigation Agency & Telapak, 2008)*. In the same year, Japan resumed the official development aid (ODA) to Vietnam, with 380 million USD of funds to pay for imports, indirectly benefiting timber product manufacturing *(Deseret News, 1992)*.

In the 2000s, the timber industry of Vietnam began to rise rapidly. In 2004, the total export value of the industry reached 1.1 billion USD *(Vo, Nguyen, & Francic, 2020)*, then it rose to 2.4 billion USD in 2007 *(Environmental Investigation Agency & Telapak, 2008)*, aimed to reach 3.4 billion USD in 2010, which is 15 times higher compared to the figure of 2002, and Japan was one of the major three export markets, along with the US and European Union *(Forest Science Institute of Vietnam, 2009)*. Vietnam's accession to WTO in 2007 and agreement on an economic partnership with Japan in 2009 had facilitated further development for the timber industry of Vietnam and made it easier for Vietnamese wood products to access the Japanese market through reduced tariffs and trade barriers.

4.1.2. After VJEPA took effect

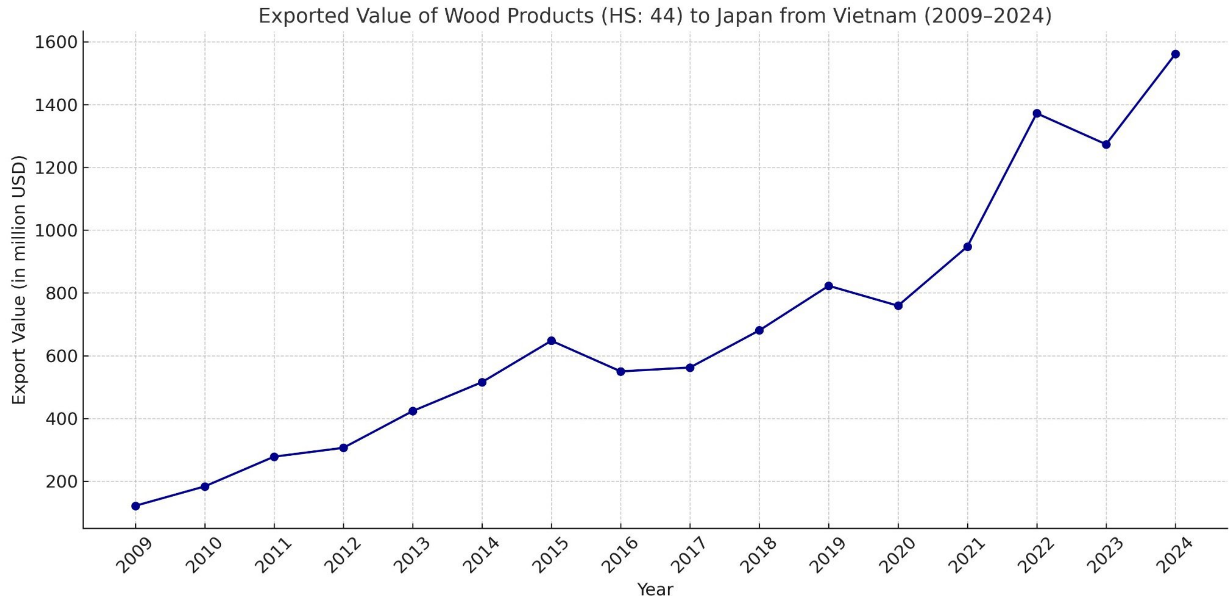

Figure 1. Exported Value of Wood Products (HS: 44) to Japan from Vietnam (2009 – 2024)

Source: Trade Map, n.d

Since the Vietnam - Japan Economic Partnership Agreement (VJEPA) came into effect in October 2009, Vietnam's exports of wood and timber products to Japan have demonstrated a significant and sustained upward trajectory. The agreement, which committed Japan to eliminating tariffs on 96.45% of tariff lines for Vietnamese goods by 2026, provided a major boost to Vietnam's timber sector by reducing or phasing out duties on a wide range of wood products *(Viet Nam Ministry of Industry and Trade, 2022)*. As a result, Vietnam's timber exports to Japan grew at an average annual rate of approximately 10 - 12%, according to industry estimates *(To, Fujisaki, & Yamanoshita, 2023)*. To illustrate, in 2009, the export value was approximately 121.9 million USD, and just one year later, this figure rose to 183.6 million USD. This upward trend continued in the following years, reaching 1.56 billion USD by 2024 - more than 12 times higher than in 2009 *(International Trade Centre, n.d.)*.

Early 2025 data revealed a strong rebound in demand: during the first quarter alone, Vietnam exported over USD 280 million worth of wood and wood products to Japan, representing a 21% increase compared to the same period in 2024 *(Asemconnect Vietnam, 2025)*. This recovery not only underscores the enduring importance of the Japanese market for Vietnamese timber but also highlights Vietnam's growing capacity to meet stringent Japanese standards related to product quality, sustainability, and legality. The consistent upward trend in export value over more than a decade indicates that VJEPA has played a critical role in consolidating Vietnam's position as a key wood supplier to Japan. This growth reflects the positive impact of VJEPA in reducing tariffs and expanding market access opportunities for Vietnamese businesses.

However, alongside the advantages, Vietnamese exporters also face several challenges when trading with Japan. One of the main barriers is the country's strict technical standards and quality requirements. While VJEPA has facilitated tariff reductions, complying with Japan's high standards requires businesses to invest in technology, improve product quality, and gain a deep understanding of the market *(Voice of Vietnam, 2015)*. To fully benefit from VJEPA, Vietnamese companies must focus on enhancing competitiveness and ensuring compliance with Japanese regulations.

4.2. Strengths and Opportunities of Vietnamese timber products in the context of the VJEPA

4.2.1. Strong Raw Material Base and Sustainable Forestry

Vietnam's total forest area stands at approximately 14.79 million hectares, with natural forests comprising 71% and planted forests covering about 4.66 million hectares. Despite a national forest coverage rate of 42%, the area of economically productive planted forests remains relatively low compared to the country's wood processing potential. To address this, the Vietnamese government has launched a 2030 afforestation initiative aimed at expanding large timber production forests to 1 million hectares. Vietnam's forestry sector is undergoing a structural transformation toward higher value-added production, maintaining a stable annual growth rate of 4.6%. Each year, over 260,000 hectares of new forests are planted, allowing the country to meet more than 70% of its raw material needs for wood processing, serving both domestic and export markets *(Nguyen, D., 2024)*. By developing concentrated, economically productive forest areas, Vietnam not only ensures a stable domestic supply of legal wood for processing and export, but also strengthens its position as a trusted and compliant supplier in the Japanese market.

4.2.2. Growing Japanese Investment and Technology Transfer

Japanese investment in Vietnam's wood processing sector has also contributed to long-term growth opportunities. Recent years have seen Japanese firms investing in plantation forestry, biomass fuel production, and modern processing facilities in provinces like Binh Dinh, Yen Bai, and Tuyen Quang. For example, Japanese companies committed over USD 60 million to build high-capacity wood pellet plants and lease forest land for sustainable raw material sourcing. These ventures often bring advanced technologies such as automated pelletizing lines, kiln drying systems, and efficient biomass cogeneration *(Vietnam Investment Review, 2023)*. Such investments not only improve the technical capacity of Vietnamese firms but also help them meet Japanese standards in quality, environmental performance, and traceability. This transfer of expertise enhances Vietnam's ability to export higher-value, eco-friendly timber products to Japan.

4.2.3. Expanding Opportunities in Japan's Furniture and Eco-Friendly Markets

Japan's furniture market is among the largest in Asia, valued at over USD 22.6 billion in 2024 and projected to reach USD 29.3 billion by 2033. Within this market, demand for eco-friendly and design-oriented furniture is rising rapidly, with the eco-furniture segment alone expected to grow at over 10% annually. Japanese consumers increasingly prefer minimalist, well-crafted wooden furniture made from legal and sustainable sources. This presents an opportunity for Vietnamese manufacturers to supply high-quality, FSC-certified products tailored to Japanese tastes *(IMARC Group, 2025)* - Hoa Phat, as a testament to this trend, has partnered with forest-growing households to expand its FSC-certified wood area, developing a production capacity of 15,000 tons per year *(VietnamWood, 2024)*. With the experience in exporting to major markets like the EU and US, and its growing collaborations with Japanese investors and designers, Vietnam is well-positioned to capture premium segments of Japan's furniture and interior wood market.

Report Attribute	Key Statistics
Base Year	2024
Forecast Years	2025-2033
Historical Years	2019-2024
Market Size in 2024	USD 22.6 Billion
Market Forecast in 2033	USD 29.3 Billion
Market Growth Rate (2025-2033)	2.62%

Figure 2. Japan Furniture Market Expected to Reach USD 29.3 Billion by 2033

Source: Trade Map, n.d

4.3. Challenges of Vietnamese timber products in the context of the VJEPA

4.3.1. Technical and Quality Gaps

While Vietnam can produce high-quality wood products, Japan's demand for precision and certification leaves little margin for error, making compliance difficult, especially for small and medium enterprises (SMEs). According to Mr. Nguyen Ton Quyen, even though VJEPA had created opportunities for timber exports, Vietnamese wood enterprises had not taken full advantage of the free trade agreement. Specifically, wood products exported to Japan were still limited, consisting mainly of unfinished goods such as artificial boards, fuel pellets, and woodchips.

Moreover, Japanese standards (JAS, JIS) are stricter than those in many other markets, requiring Vietnamese producers to upgrade machinery, improve adhesives, and ensure ultra-low formaldehyde emissions (F★★★★). Japan has strict import regulations for wood products to ensure legality, quality, and environmental safety. The Plant Protection Act requires phytosanitary certificates for raw wood to prevent pests, while the Clean Wood Act promotes voluntary verification of legal sourcing. For government procurement, the Green Purchasing Act mandates proof of both legal and sustainable sourcing. Construction wood products must meet the Japanese Agricultural Standards (JAS) or get special approval under the Building Standards Law. These regulations help maintain high standards for imported wood in Japan *(Sasatani, 2019)*.

4.3.2. Limited Market Knowledge

Many Vietnamese exporters lack awareness of Japan's regulatory and consumer preferences. Language barriers and weak business connections make it difficult to adapt products to Japanese tastes. For instance, design styles and wood types favored in Japan differ from Western markets, making it essential for exporting businesses to thoroughly understand the behaviors and needs of local customers *(Vietnam.vn, 2025)*. Japan's business culture values long-term relationships, making market entry slow. Vietnamese suppliers must prove reliability through trial orders and audits. Given the limited market knowledge, it is mentioned that many Vietnamese firms have yet to fully capitalize on trade agreements like the VJEPA due to their limited strategic engagement with the Japanese market.

4.3.3. Illegal timber

Past concerns about illegal timber in Vietnam's supply chain have also heightened Japanese importers' caution, necessitating additional certifications and inspections. Besides the manufacturing process was taken lightly, there has been a deterioration in the quality of Vietnam's forests since 1993, due to the growth of plantations which are not high-quality compared to natural forests *(Vietnam Ministry of Industry and Trade, 2022)*. The deteriorated quality has led to the limitation of raw material supply, which leads to where Vietnam's wood industry is highly reliant on imported raw materials, particularly from the U.S., Africa, and South America. This dependency makes the sector vulnerable to risks like changing prices, shipping disruptions, and tightening import regulations. *(Le, 2025)*

Historically, Vietnam's booming wood processing industry relied heavily on imported raw materials from neighboring countries, including large volumes of illegally logged hardwoods from Laos and Cambodia, despite official export bans in those countries. Investigations revealed systematic smuggling operations facilitated by weak border controls and corruption among military and government officials, allowing Vietnamese companies to obtain unregulated logs to meet rising global demand *(Environmental Investigation Agency & Telapak, 2008)*.

In recent years, consumer markets like Japan have heightened requirements for legality verification under frameworks such as the Clean Wood Act, putting pressure on Vietnamese exporters to ensure legal sourcing throughout their supply chains. However, challenges persist due to Vietnam's historical association with illicit timber flows and ongoing difficulties in ensuring transparency across complex sourcing networks *(Vietnam Ministry of Industry and Trade, 2022)*.

4.3.4. Competition in Higher-Value Products

While Vietnam exports lower-value items (wood chips, pellets) to Japan with ease, moving into finished goods (furniture, high-end plywood) is more challenging due to stricter standards and competition from other countries. The nation also faces strong competition in the Japanese timber market from several key regional exporters, **particularly China, Malaysia, Indonesia, and North America**.

China remains by far the largest supplier: it offers a vast range of processed products (panels, components, furniture parts) at low cost and high volume. In late-2024 Chinese exporters alone provided over half of Japan's imports of wooden furniture parts *(Global Wood, 2025)*. Malaysia and Indonesia are also major competitors: both ship large volumes of tropical plywood and lumber to Japan. In 2023, Malaysia and Indonesia each exported roughly 0.54 - 0.70 million m^3 of plywood to Japan *(Malaysian Investment Development Authority, 2024)*, and both have legality-verification systems (Malaysia's MTCS, Indonesia's SVLK) that satisfy Japan's Clean Wood Act. Malaysian wood is especially prized for quality tropical species and long-standing ties, as Japan accounts for almost 81% of Sarawak's plywood export value (Malaysian Investment Development Authority, 2024). Indonesia similarly leverages abundant forests and low costs.

North American suppliers (the U.S. Pacific Northwest and British Columbia) remain key for Japan's softwood lumber needs: Japan "has long been Asia's largest importer of softwood sawlogs and lumber" from those regions *(Robertson & Waggener, 1995)*. The U.S. and Canadian wood products compete on consistent high quality, sustainable forest management (FSC/SFI certification) and reliability, even though higher costs make them less competitive than Asian ones.

5. Proposed Recommendations to Promote Timber Products Exports to Japan's Market

5.1. Recommendations for Vietnam's Government

5.1.1. Strengthen legal and institutional frameworks

Vietnam should fully implement and enforce the Timber Legality Assurance System (VNTLAS) under Decree 102/2020 (and its 2024 amendments) so that all timber exports meet rigorous origin and legality criteria *(IGES, 2023; SRD, 2021)*. In practice, this ensures exporters comply with the risk-based approach of Decree 102 (e.g., properly completing origin declarations and risk assessments) and moving toward the "Category I" classification (indicating full legal compliance, traceable sourcing, and no history of illegal logging). The government should also operationalize Vietnam's commitments under the EU-Vietnam FLEGT Voluntary Partnership Agreement, for example, by issuing FLEGT licenses for eligible shipments (as envisioned in Decree 102's appendices) and aligning national regulations with international standards.

5.1.2. Strategic forest policy reforms

Current incentives (such as Decision 38/2016) have proven too weak: surveys report that over 90% of stakeholders cite insufficient capital as the main barrier to large-tree plantations, and two-thirds of them say existing policies are not strong enough to motivate long-rotation forestry *(SRD, 2021)*. To correct this, Vietnam should introduce robust measures, including tax breaks or extended land-use rights for long-cycle tree planting, targeted subsidies or matching grants for plantations, and simplified procedures for scaling up forest acreage. The government should also promote land consolidation and cooperative models to overcome fragmentation. Policies that support vertical integration, such as joint ventures between wood processing firms and plantation companies can link growers and processors, stabilizing supply and assuring legality. The successful "Woodsland" model (a furniture firm owning stakes in plantation companies) illustrates this approach. Coordinated value-chain structures (e.g., producer associations or contract farming) and stronger incentives could make large-timber forestry more attractive to investors.

5.1.3. Financial and infrastructure support

Adequate finance and risk-mitigation mechanisms are critical. High interest rates and complex lending procedures currently limit farmers' access to credit for long-term forestry *(SRD, 2021)*. The government should establish concessional loan schemes or credit guarantee funds for tree growers, and expand subsidies (for seedlings, inputs, etc.) to ease upfront costs. Similarly, affordable insurance or disaster-relief programs are needed: lengthy growth cycles expose plantations to fires, storms, pests, and price swings, yet mechanisms to insure against such risks are scarce or expensive. Developing public-private crop-insurance pilots or reserve funds for forestry losses would reduce uncertainty. Public investment in rural infrastructure (e.g., logging roads, drying yards) would lower production costs and waste, indirectly supporting sustainable timber cultivation.

5.1.4. Cooperate with Japan on technical standards

Vietnam should proactively use bilateral and multilateral channels to resolve non-tariff barriers. Officials could engage Japan through VJEPA's existing committees or ASEAN-Japan dialogues on TBT/SPS issues to clarify Japanese wood-product standards (e.g., treatment, fumigation, formaldehyde limits) and expedite conformity procedures. Industry voices note that Vietnamese agencies have provided little guidance on the Japanese market, and many exporters feel the state management lacks clear orientation on promoting wood exports to Japan *(VietnamWood, 2023)*. To address this, the government could organize trade missions, matchmaking events, or technical seminars in Japan, directly connecting Vietnamese producers with Japanese buyers. Such government-led export promotion and continuous dialogue would help Vietnamese firms adapt to Japan's requirements and expand market access.

5.2. Recommendations for Vietnam's Manufacturers

5.2.1. Ensure strict compliance and traceability

Vietnamese wood exporters must rigorously follow VNTLAS rules and maintain transparent supply chains. This means verifying that all incoming logs or timbers have proper legal documentation and entering accurate data in the VNTLAS forms. Companies should strive to meet the "Category I" criteria of Decree 102, for example, by keeping complete origin records, retaining legality paperwork, and avoiding any illicit timber source. Because violations in documentation are difficult to detect after export, internal due diligence is essential. Firms should regularly audit their suppliers and require valid harvest permits or equivalent certificates. Meticulous record-keeping (contracts, invoices, transport permits, customs declarations, etc.) will both ensure Vietnamese law compliance and satisfy Japanese import inspections.

5.2.2. Implement robust internal management and certification systems

Manufacturers should establish formal quality and chain-of-custody controls within their operations. Adopting internationally recognized management standards (such as ISO 9001 quality systems or FSC/PEFC Chain of Custody) will help monitor material flows and demonstrate legality to buyers. Obtaining third-party certification is increasingly important: as noted in industry analyses, Vietnamese companies with FSC certification have greater market access and credibility. In practice, this means training staff on traceability procedures, segmenting certified and non-certified wood in inventory, and engaging certified auditors. Even if not immediately certified, firms should align their operations with the requirements of these schemes (e.g. only sourcing from known plantations) so that certification can be achieved with minimal disruption.

5.2.3. Maintain comprehensive documentation for every shipment

Thorough paperwork is critical for export success. For each product batch, manufacturers should compile a legal file: species identification, origin (country and forest location), harvest authorizations (or alternative documents for plantation timber), invoices for imported logs (with supplier details), and any phytosanitary or fumigation certificates. Under VNTLAS, timber from non-positive countries or high-risk species requires additional declarations (Form 3). Exporters should be prepared to provide all required documents at Japanese customs. In practice, this means organizing files systematically and assigning responsibility within the firm for document control. Keeping complete archives not only satisfies regulators but also expedites responses to any due-diligence inquiries by importers. In short, "*transparency of documentation*" is a precondition for trusting Vietnamese wood products in Japan's market.

5.2.4. Invest in long-term supply security and capacity

To avoid future bottlenecks, manufacturers should develop strategic investments. One approach is investing in plantation forestry themselves or through partnerships. For instance, some Vietnamese firms are already working with growers to develop certified forests: one major wood processing company has partnered with household farmers to create over 15,000 tons/year of FSC-certified acacia supply. Such private afforestation projects ensure a steady stream of legal raw material. Alternatively, companies can secure long-term contracts with plantation owners or establish joint-venture farms. Parallel investments in processing technology and factory efficiency will improve product quality.

6. Conclusion

Since VJEPA took effect in October 2009, Vietnam has secured almost duty-free entry for over 96 percent of its timber products into Japan, transforming a modest US $350 million trade in 2009 into a booming US $1.9 billion industry by 2022. This remarkable surge, driven especially by finished wood articles and furniture components, demonstrates how tariff elimination can unlock new market opportunities and sharpen Vietnam's price advantage in Japan's US $20 billion annual timber trade.

Yet, the curtain does not fall on tariffs alone. Vietnamese exporters still confront Japan's tight JIS/JAS requirements for chemical treatments and emissions, and mandatory legality and sustainability certifications that carry hefty compliance costs, an especially heavy lift for small and medium enterprises. Complicated rules of origin, protracted customs clearances, and entrenched competition from sustainability-certified suppliers in China, Malaysia, Indonesia, and North America further compound the challenge.

To capture the full promise of VJEPA, the government and private sector must each play their part. The Vietnamese government should overhaul and simplify conformity assessment pathways, scale up hands-on training for Japanese JIS/JAS standards. Meanwhile, timber businesses need to pivot towards higher margin, value-added production; embed robust digital traceability across supply chains; and deepen strategic alliances with Japanese importers to stay ahead of evolving preferences.

By synchronizing policy reforms with industry innovation, as well as leveraging the Vietnam Timber and Forest Product Association’s expertise,Vietnam can convert its forestry strengths into a sustainable, long-term export success story in the Japanese market.

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