



Building a Better Business Through Responsible Purchasing

A Brief for U.S. Companies Purchasing Forest Products from the Mekong Region

Do you know where your forest products come from? Have they been harvested responsibly from well-managed forests? There are many business benefits to be gained from implementing sensible and conscientious wood and paper purchasing practices, including stronger supply chain relationships, effective risk management, enhanced brand integrity, increased customer loyalty and greater employee satisfaction and retention. At the same time, responsible purchasing helps sustain natural forests and the local communities and wildlife that depend on them.

The Mekong region is under increasing pressure to meet the growing global demand for forest products. Particular countries in the Mekong region, such as Vietnam, have emerged as leading suppliers of manufactured tropical forest products to the United States. But this increasing demand has fueled illegal and unsustainable logging and timber trade in some of the region's most valuable and threatened forests.

Illegal and unsustainable logging causes significant damage to biodiversity and local communities. Illegal logging has a particularly devastating effect on biodiversity because the perpetrators often deliberately target remaining High Conservation Value Forests,¹ including protected areas, which contain the highly valuable hardwood species that have been overexploited elsewhere.

Resulting forest loss severely hinders the natural functions of the landscape, leading to soil erosion, landslides, reduced water quality and forest fires. Forest loss also contributes to climate change; an estimated 20 percent of global carbon dioxide emissions result from deforestation.

Illegal Logging

Illegal logging occurs when forest products are bought or sold in violation or circumvention of national or sub-national laws related to harvesting, transportation or processing.

WWF uses the term "illegal logging and forest crime" to include large-scale and small-scale timber theft, transfer pricing, breaching of tax rules, illegal aspects of timber sourcing, and circumvention of concession agreements through bribery or deception. Currently, stolen timber worth more than \$2 billion is traded in Southeast Asia each year.

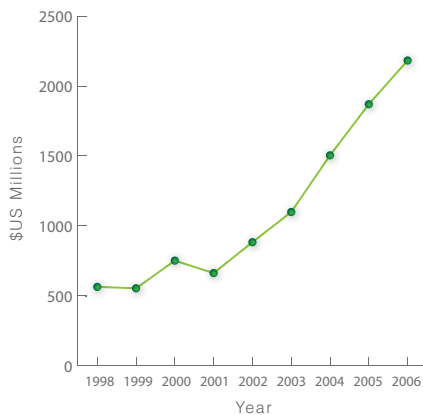


The Mekong Region: The River of Life

One of the world's most complex and diverse areas, the Mekong region encompasses over 200 million acres and six countries: Cambodia, China, Laos, Myanmar, Thailand and Vietnam. The Mekong River flows 2,796 miles from the mountain glaciers in the Tibet-Qinghai Plateau to the Mekong Delta in Vietnam. The second longest river in the world after the Amazon, the Mekong River contains unique and threatened species, including the Mekong catfish—the world's largest freshwater fish—and the endangered Irrawaddy Mekong dolphin. The region's forests are home to an extraordinary array of wildlife, including the endemic Javan rhinoceros and the saola, two of the world's rarest mammals. The Mekong region's waters and surrounding forests provide 80 million people from nearly 100 distinct ethnic groups with food, water, medicine and transportation.

¹ High Conservation Value Forests (HCVFs) are defined as forests of outstanding and critical importance due to their environmental, socioeconomic, biodiversity or landscape values.

U.S. Imports from Mekong Nations, 1997-2006
Source: ITC database



U.S. Is Top Importer from the Mekong Region

- The United States is the top destination for wood exports from Mekong nations, particularly Vietnam.*
- Furniture represents the single largest category of wood-based imports from the Mekong region.
- Vietnam currently accounts for 69 percent of the Mekong region's furniture shipments into the U.S.
- Over 90 percent of Vietnam's exports to the U.S. consist of indoor and outdoor furniture.
- Vietnam's furniture exports reached a record \$1.9 billion in 2006, propelling the country forward as one of the world's leading manufacturers and exporters of furniture, with further growth predicted to reach \$5.5 billion by 2010.*
- As Vietnam's single largest market, the U.S. imported wood products worth approximately \$930 million in 2007, and is projected to import \$1.1 billion in wood products in 2008.*

Illegal and Unsustainable Logging and Trade in the Mekong Region

Forests in the Mekong region have been decimated over the past three decades; illegal and unsustainable logging and timber trading are the main factors driving deforestation in the region. In 1992, Vietnam responded to this dramatic forest decline by imposing laws and bans controlling logging within its borders. As a result, local manufacturers began relying on neighboring countries including Malaysia, Cambodia and Laos to supply tropical hardwood from their natural forests, much of it illegal. For example, Laos' current laws and policies controlling the country's timber harvesting and exports make it illegal for other countries to import nearly all timber coming from Laos. However, in 2006, Vietnam imported approximately 600,000 cubic meters of wood valued at \$250 million from Laos.** Vietnam's timber imports extend beyond the Mekong region; China, Brazil and Thailand also supply wood products, including hardwood logs and sawnwood, to Vietnam.

Impacts of Illegal and Unsustainable Logging

Illegal and unsustainable logging reduces wildlife populations due to habitat loss and fragmentation. The endangered Indo-Chinese tiger, once abundant throughout the Mekong region, is now currently restricted to Vietnam, northeastern Cambodia and Laos; it is estimated that fewer than 1,500 remain in the wild. In Myanmar, tigers, red pandas and leopards are increasingly threatened as new logging roads cut through great swaths of remaining intact natural forest, destroying habitat and affecting the ability of these species to find adequate food and water resources.** In the Mekong region the abundance and diversity of rare and endemic species is second only to the Amazon, and both are increasingly threatened due to unsustainable logging practices.



Local communities are also negatively affected by illegal and unrestricted timber harvesting. Local authorities frequently assault and arrest villagers who attempt to oppose the illegal exploitation of their natural resources, sometimes forcibly evicting them from their homes.* This phenomenon also occurs in nearby Myanmar—for the past 40 years corrupt officials have forced villagers off their land in order to exploit natural resources, including teak, the majority of which is harvested illegally. Myanmar holds the vast majority of the world's natural (non-plantation) teak, and this resource is shrinking rapidly despite a U.S. ban on all Myanmar imports (Myanmar's products still enter the U.S. via Thailand and China).

Purchasing Responsibly-Sourced Forest Products

Companies that adopt and implement responsible purchasing policies help support responsible management of the world's remaining forests. They also help to protect the wildlife and local communities residing there. This is especially important given recent passage of the amended Lacey Act, which bans the import and sale of illegally harvested plants and their products, including wood and timber, into the United States. Companies that use their purchasing power for credibly certified and responsibly-sourced forest products will encourage Mekong countries to adopt and rigorously enforce responsible timber harvesting and trade laws. U.S. companies can help accomplish this through WWF's Global Forest & Trade Network (GFTN).



GFTN is WWF's initiative to eliminate illegal logging and improve the management of valuable and threatened forests. By facilitating trade links between companies committed to achieving and supporting responsible forestry, GFTN creates market conditions that help conserve the world's forests while providing economic and social benefits to the businesses and people that depend on them.

GFTN works with forest managers and manufacturers in the Mekong region, including Vietnam, who are committed to responsible forest management and trade. GFTN participation provides producers and suppliers the technical support and expertise they need to achieve credible certification. While some suppliers may need time before they can offer credibly certified products, their progress will be ensured through regular monitoring by GFTN.

U.S. buyers can learn more about committed companies in the Mekong region by working through WWF's GFTN-North America. GFTN-North America assists purchasers that source significant amounts of wood-based products from the world's most valuable and threatened forests to increase the proportion of credibly certified products within their supply chains. It is among over 30 regional branches of GFTN spanning the Americas, Europe, Africa and Asia-Pacific. Because U.S. buyers source their forest products from all over the globe, GFTN-North America works worldwide, including in the Mekong region, to help companies obtain responsibly harvested and credibly certified forest products.



Credible Certification

Credible forest certification ensures that forest products originate from well-managed forests that meet rigorous environmental and social standards. GFTN supports a credible certification system that includes

- participation of all major stakeholders in an internationally recognized standard
- compatibility between the standard and globally applicable principles that balance economic, ecological and social values of forest management
- an independent and credible mechanism to verify the achievement of these standards and communicating results to all major stakeholders

Photo Credits. Pages 2-3, left to right: Indo-Chinese tiger. Peninsular Malaysia – © Elizabeth Kernf / WWF-Canon; Dai Thanh furniture company, Quy Nhon, Vietnam – © Scott Dickerson / WWF-US; FSC logo on sustainably harvested logs, Oaxaca, Mexico – © N.C. Turner / WWF-Canon.



The WWF Vision

We seek to save a planet, a world of life. Reconciling the needs of human beings and the needs of others that share the Earth, we seek to practice conservation that is humane in the broadest sense. We seek to instill in people everywhere a discriminating, yet unabashed, reverence for nature and to balance that reverence with a profound belief in human possibilities. From the smallest community to the largest multinational organization, we seek to inspire others who can advance the cause of conservation.

We seek to be the voice for those creatures who have no voice. We speak for their future. We seek to apply the wealth of our talents, knowledge, and passion to making the world wealthier in life, in spirit, and in living wonder of nature.

Learn more about WWF at worldwildlife.org



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* B.T. Huong and T. Dao. 2007, United States Department of Agriculture, "Foreign Agricultural Service Gain Report (VM7088): Vietnam: Solid Wood Products Update," (2007).

** Environmental Investigation Agency, "Borderlines: Vietnam's booming furniture industry and timber smuggling in the Mekong region," (2007)

* Human Rights Watch, World Report, (United States: 2007).

** P.S. Goodman and P. Finn. "Corruption stains the timber trade." *The Washington Post*, sec. A01, April 1 2007.