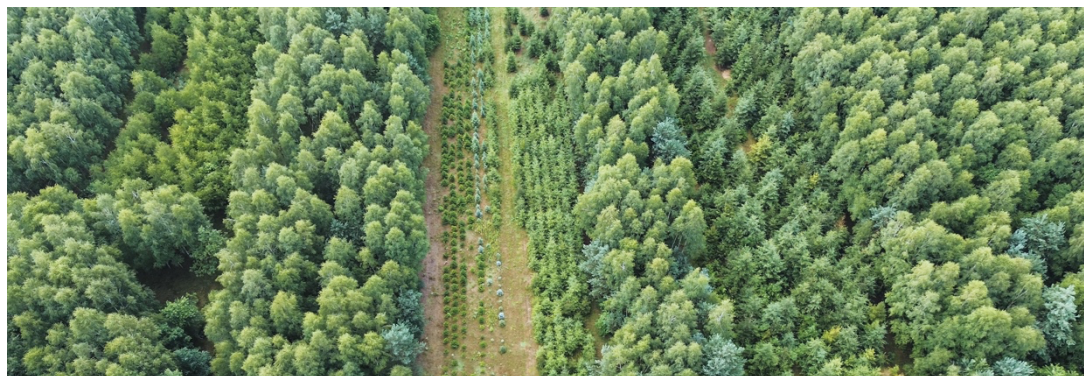


# MANAGEMENT AND UTILIZATION OF FOREST LAND IN VIETNAM: IMPLICATIONS FOR COMPLIANCE WITH NEW INTERNATIONAL MARKET REGULATIONS



## 1. INTRODUCTION

Vietnam's forestry sector, particularly the management and utilization of forest land, have undergone fundamental transformations since the country's establishment. One of the most notable shifts has been the transition from a centrally managed forestry model (commonly referred to as state forestry) to household-based forestry system. Central to this change is the reallocation of forest land, previously managed by state-owned forestry enterprises (now restructured as forestry companies) to individual farming household. This shift has pursued two key objectives: boosting household incomes through the supply of plantation timber to the wood processing industry and enhancing forest coverage.

However, the state forestry management model continues to present significant challenges that require resolution. Currently, Vietnam has 169 forestry companies overseeing more than 1.4 million hectares of forest land. These entities operate under the supervision of 35 different management bodies, including the Ministry of National Defense, 30 provincial-level authorities, the Rubber Group, the Vietnam Forestry Corporation, the Vietnam Coffee Corporation, and the Vietnam Paper Corporation (Vu Manh Hung, 2024).<sup>1</sup> According to Vu Manh Hung (2024), *"The management and utilization of land derived from state forestry remain fraught with shortcomings. Land resources are not being used efficiently, and the misuse of state-owned land through practices such as leasing, lending, joint ventures, and subcontracting still persists. Unauthorized exploitation of land by external parties remains widespread. Additionally, the lack of clear demarcation between plantation forests classified as*

**"The management and utilization of land originating from state forestry still have many shortcomings"**

(Vu Manh Hung, 2024)

<sup>1</sup> Vu Manh Hung, **Current Situation and Solutions for Restructuring, Reforming, Developing, and Enhancing the Efficiency of Forestry Companies in Line with Resolution 30-NQ/TW Dated March 12<sup>th</sup>, 2014, of the Politburo**. Presentation at the National Scientific Conference "Solutions to Promote Restructuring, Reform, Efficiency Improvement, and Land Management in Forestry Companies," October 4<sup>th</sup>, 2024, in Hanoi.

production forests and those designated as natural forests, special-use forests, or protection forests has facilitated illegal logging. Issues such as land encroachment, disputes, and the buying and selling of contracted land-use agreements—often a veiled form of land transfers—continue unresolved, posing an escalating challenge.” The 2024 report by the Department of Forestry further underscores these concerns: “Forestry companies manage and utilize vast tracts of land, frequently in prime locations, yet their efficiency remains low. Meanwhile, local communities face a shortage of production land, compelling them to lease or subcontract land from forestry companies—often the same land they once occupied and cultivated. In some cases, they must even subcontract from intermediaries who originally allocated the land by the forestry companies. At the same time, certain households encroach on land or receive state-allocated land without any financial obligations, creating disparities between local communities and forestry companies. This situation is worsened by spontaneous migration, driven largely by land encroachment.” The scarcity of production land, particularly among ethnic minority households and spontaneous migrants, stands out as a primary driver of land-use violations.<sup>2</sup>

Vietnam's agriculture and forestry sectors are increasingly integrated into the global markets, where legal and sustainability standards for imported goods are growing more stringent. A prominent example is the EU Deforestation Regulation (EUDR), enacted in 2024 and set to take effect in 2025. In Vietnam, key agricultural and forestry commodities—such as timber, coffee, and rubber, produced on agricultural and forest land—are predominantly processed for export. Compliance with the legal and sustainability requirements of international markets is non-negotiable. These standards encompass strict supply chain oversight from production to importation, adherence to national land-use regulations, labor standards, and environmental protection laws. Products sourced from disputed or legally ambiguous land fail to meet these criteria and will be excluded from such markets.



Photo 1. Coffee trees in Vietnam. Source: Freepik

This newsletter provides insights into persistent challenges in forest land utilization and discusses their implications for agricultural and forestry products, particularly as Vietnam's agriculture and forestry sectors align with new international market regulations. Some of these issues stem from historical practices, while others result from contemporary management and land-use approaches. Addressing these challenges necessitates solutions in both policy development and implementation, requiring active engagement from local authorities and companies within the supply chains of these products. Before exploring these dimensions, the newsletter summarizes key developments in the management and utilization of forests and forest land in Vietnam from the 1950s to the present.

<sup>2</sup> Department of Forestry. **Current Situation of Production Organization in Forestry Companies.** Presentation at the National Scientific Conference "Solutions to Promote Restructuring, Reform, Efficiency Improvement, and Land Management in Forestry Companies," Hanoi, October 4, 2024. According to the report, in 2019, there were **24,532 ethnic minority households lacking residential land** and **210,400 ethnic minority households in need of support for production land** across the country. The shortage of production land for impoverished ethnic minority communities remains prevalent in many localities. The allocation of residential and production land for spontaneous migrants has not been effectively addressed and continues to be a prolonged issue.

## 2. UTILIZATION AND MANAGEMENT OF FORESTS AND FOREST LAND IN VIETNAM

One of the key features of forest and forest land utilization and management in Vietnam since the 1950s has been the transition from state-managed forestry, represented by the system of state-owned forestry enterprises, to a household-based model. This shift has enhanced land-use efficiency, directly contributed to forest expansion, and increased household incomes, including those of ethnic minority communities. The evolution of this process can be outlined as follows:



**1955-1975:** During this period, Vietnam was embroiled in war, and forestry management was not a state priority. The forestry system operated under a centralized, state-managed framework, with forest areas managed by a network of state-owned forestry enterprises. However, this system proved largely ineffective, as resources were predominantly directed toward the war effort. The market for forestry products remained underdeveloped or absent in many regions. Land utilization for commercial production, such as timber harvesting for trade, was minimal. Agricultural practices remained rudimentary, and forest exploitation by mountainous households was primarily subsistence-based.



**1975 – Lates 1990s:** Following the war's end, Vietnam entered a phase of recovery and development. The state prioritized land utilization and resource exploitation to support these goals, establishing a system of state-run agricultural and forestry enterprises. Through this system, extensive forest land were converted into agricultural plantations for crops like coffee, tea, and sugarcane. Large-scale commercial timber harvesting was managed by state forestry enterprises. To support these operations, the government mobilized labor forces from lowland regions, relocating numerous households from densely populated delta provinces to mountainous areas, notably the Central Highlands and the Northwest, to provide labor for production. The policy of allocating land and forests to households began during this period, though limited resources posed significant challenges. Many land allocations were theoretical, documented on paper but not reflective of actual conditions on the ground.



**Late 1990s – 2000s:** This period marked Vietnam's Economic Opening and International Integration (known as Doi Moi). The government emphasized forest protection and biodiversity conservation, imposing restrictions on timber harvesting and tightening control over converting forest land for industrial crop cultivation. The land and forest allocation policy was largely completed, with production land and degraded forest areas assigned to households for long-term use. Integration into international market spurred the export of agricultural and forestry products. However, forested areas, particularly in the Central Highlands, declined due to the expansion of coffee, rubber, and other crops. Partnerships between companies and households emerged to secure raw materials for export-oriented agricultural and forestry production.



**Late 2000s to the present:** Regulations concerning legality, sustainability, supply chain oversight of agricultural and forestry products, and efforts to combat deforestation and forest degradation have grown increasingly stringent, particularly in major markets like the EU and the U.S. The Vietnamese government has committed to reducing greenhouse gas emissions, prioritizing forest protection and development. Company-household partnerships for establishing raw material zones for export-oriented products have strengthened. Nevertheless, persistent issues in forest land use—such as discrepancies between documented allocations and actual land use, alongside ongoing land disputes—have become critical concerns, especially as major markets enforce deforestation regulations and climate change mitigation policies.

**Table 1. Key aspects of Management and Utilization of Forest and Forest land from the 1950s to the present**

Period	Key aspects	Shortcomings
1955 – 1975	<ul style="list-style-type: none"> <li>• Vietnam experienced a period of war, resulting in the division: the North - the South.</li> <li>• State forestry activities mainly focused on land reclamation, expanding forest plantations, and forest protection. Forest areas were assigned to state-owned forestry enterprises for management. Forestry was governed through a centralized planning approach, relying heavily on maps and records maintained by state forestry agencies with limited on-site management due to war-induced division and resources constraints.</li> <li>• Mountainous households engaged in cultivation, logging, and firewood collection for domestic use. Commercial activities were minimal, and the production of agricultural and forestry commodities remained underdeveloped.</li> </ul>	<p>Land and forestry management were not prioritized, overshadowed by the demands of the war effort.</p>
1975 – late 1990s	<ul style="list-style-type: none"> <li>• Following the war, Vietnam entered a recovery phase, during which the government established numerous state-owned agricultural and forestry enterprises to reclaim land and expand agricultural and forestry areas.</li> <li>• State management of resources: Land and forest resources management was centralized under land and forestry agencies. Policy priorities focused on exploiting land and forest resources to support national recovery and development.</li> <li>• Large areas of forest land, especially in the Central Highlands and Northwest regions, were converted into agricultural land. A system of state-owned farms was established, focusing on the development of industrial crops for domestic consumption and export. The government introduced policies to develop new economic zones, relocating people from densely populated lowland areas to these zones for land reclamation and economic development.</li> <li>• The government implemented policies on land and forest allocation, contracting forest land to households, marking the initial shift from state-managed to household-based forestry.</li> </ul>	<p>The policy prioritized exploitation leading to large-scale forest resources depletion, including widespread forest land conversion. Land and forest allocation efforts were largely theoretical, documented on paper but not aligned with actual conditions on the ground.</p>
Late 1990s – 2000s	<ul style="list-style-type: none"> <li>• Vietnam opened and integrated into the global economy, expanding export opportunities for agricultural and forestry products.</li> </ul>	<p>Some forest areas were converted into industrial</p>

	<ul style="list-style-type: none"> <li>• The government accelerated land and forest allocation, transferring land previously managed by state-owned agricultural and forestry enterprises to household for utilization and management. Land Use Rights Certificates (commonly known as Red Books) were issued to households.</li> <li>• Policy shifted from exploitation to forest protection, sustainable forest development, and biodiversity conservation. Partial closure of natural forests was initiated, alongside efforts to establish conservation areas.</li> <li>• Industrial crops areas expanded on former forest land, driven primarily by households, including migrant labor with output geared toward export. Some forest areas were converted into industrial crop plantations.</li> <li>• Forest protection efforts intensified with the government maintaining and expanding the closure of natural forests. Planted forest areas under both households and forestry enterprises increased.</li> <li>• Exports of wood, coffee, rubber, and certain commercial crops gradually stabilized. Collaboration between companies and households emerged to ensure a steady supply of agricultural and forestry raw materials for export.</li> </ul>	<p>crop plantations, reducing natural forest cover.</p> <p>Discrepancies between recorded and actual land and forest allocation remained unresolved.</p> <p>Some land allocated to households had not yet been issued Land Use Rights Certificates (Red Books).</p>
<p>Late 2000s - the present</p>	<ul style="list-style-type: none"> <li>• Regulations on legality, sustainability, and deforestation-free agricultural and forestry products have become increasingly stringent, especially in major markets.</li> <li>• The Vietnamese government has committed to implementing international regulations on supply chain control, combating deforestation, and mitigating the negative impacts of climate change.</li> <li>• The restructuring, reform, and development of forestry enterprises have been promoted, with a focus on improving the efficiency of land and forest resource management and utilization.</li> <li>• Vietnam's agricultural and forestry sectors have been striving to meet international supply chain control requirements.</li> <li>• Collaboration between companies and households has been strengthened to establish stable and sustainable raw material supply areas.</li> </ul>	<p>Persistent issues such as discrepancies between recorded and actual data, the lack of Land Use Rights Certificates, and industrial crops planted on forestry land, have become pressing concerns, as products from these lands fail to meet export criteria.</p>

### 3. LAND AND FOREST UTILIZATION: IMPLICATIONS FOR EXPORT AGRICULTURAL AND FORESTRY PRODUCTS

#### *Some shortcomings in forestry land utilization*

The forestry sector has undergone a transformative shift from state-managed to household-based forestry. This transition has enabled households to access production land, facilitating the generation of agricultural and forestry products for both export and domestic market. Beyond improving household livelihoods, it has contributed to expanding plantation forests and increasing forest cover.

However, state-managed forestry has not been entirely phased out. The system of state-owned forestry enterprises persists, primarily tasked with managing natural forest areas. The government currently enforces a natural forest logging-ban, prohibiting logging and forest land conversion. Some forestry enterprises continue to manage and utilize production forest land, now dedicated to plantation forestry. These planted forest areas are developed either through enterprise management or by contracting land to households.

Despite these efforts, land utilization in forestry enterprises still faces notable limitations. The Central Committee's Conclusion No. 103-KL/TW, issued on December 2, 2024, by the Politburo, regarding the continued implementation of Resolution No. 30-NQ/TW on the restructuring, reform, and development of agricultural and forestry enterprises, explicitly states<sup>3</sup>: "*Land management and utilization... remain weak, lax, and arbitrary... Statistical data are unreliable and do not accurately reflect reality.*"



Photo 2. Coffee farmers in Vietnam. Source: Freepik

<sup>3</sup> Source: Conclusion No. 103-KL/TW dated December 2<sup>nd</sup>, 2024, of the Politburo on the continued implementation of Resolution No. 30-NQ/TW dated March 12<sup>th</sup>, 2014, of the Politburo on restructuring, reforming, and improving the efficiency of agricultural and forestry enterprises | Legal Document System

It further notes: “Many localities have yet to complete land surveying, cadastral mapping, land allocation, leasing, and the issuance of land use rights certificates. The misuse of state-allocated land for subleasing, lending, unauthorized contracting, and improper joint ventures remains widespread. Land encroachment, disputes, the buying and selling of contracted land agreements, and repeated resales have not been addressed and, in many areas, are increasing. Cases of illegal exploitation persists due to unclear boundaries between different forest types.” Conclusion 103 highlights all the fundamental issues in the current utilization and management of forestry land within the enterprise system.

Conclusion 103-KL/TW identifies the shortcomings in land management and utilization within forestry enterprises. Identifying their root causes is crucial for devising solutions in the coming period. Some issues, such as land disputes between forestry enterprises and households over contracted land, stem from historical practices. The long-term land contracting policy (50 years) for households has contributed to this, as the 50-year timeframe mirrors the land allocation framework for households, leading contracted households to perceive their rights as equivalent to those of allocated land. Amid resource-constrained land allocation policies, the observation that “Statistical data are unreliable and do not accurately reflect reality” also underscores discrepancies in some forestry land areas allocated to households. The expansion of cultivated areas through households encroachment into forest land is a lingering issue from the past, persisting in certain localities.

### **Shortcomings in Forestry Land Utilization in the Context of International Integration**

Vietnam is deeply integrating into the global market with agricultural and forestry products such as wood furniture, coffee, rubber, cashew, and cassava primarily produced for export. Major export markets such as the U.S. and the EU, are imposing increasingly stringent regulations on the legality and sustainability of imported goods. A key example is the EU Deforestation Regulation (EUDR), which mandates that seven commodities, including wood, coffee, and rubber, can only be imported into the EU if: (1) supply chain activities fully comply with the legal requirements of the producing country, and (2) production does not harm forest resources. Meeting the first requirement demands clear legal status for production land, with all activities adhering strictly to land-use regulations. The second requires producers to provide clear evidence



Photo 3. Wood containers at Quy Nhon Port, Vietnam. Source: Forest Trends

that the production land was not been converted from forests after the EUDR's cutoff date (December 31<sup>st</sup>, 2020). Under this regulation, all supply chain activities must meet traceability standards with exported goods traceable back to the exact plot of land where they were produced. Compliance with these export market requirements is critical to the survival of Vietnam's agricultural and forestry sectors.



Photo 4. Farmers harvesting rubber latex in Dau Giay, Dong Nai, Vietnam . Source: Le Trung/Unsplash

### **Solutions to Address Shortcomings in Forestry Land Utilization**

To achieve this, the shortcomings in forestry land use and management must be thoroughly addressed. Conclusion 103-KL/TW provides a roadmap: *“In 2025, conduct a comprehensive review of the current status of land managed and utilized by agro-forestry enterprises, clearly identify areas of land used for improper purposes, land that has been allocated, contracted, subleased, rented, loaned, involved in joint ventures, partnerships, investment cooperation, encroached upon, or under dispute.”* It further directs: *“Develop and issue policies to provide financial support from the central budget to localities facing significant difficulties in land surveying, boundary demarcation, land-use planning, and issuance of land use rights certificates.”* Regarding encroached land from agro-forestry farms, allocated by the state without land-use fees over various periods, the Conclusion states: *“Grant land use rights certificates to encroachers currently using the land, provided it does not fall under forestry planning for special-use or protection forests..”* If implemented decisively, Conclusion 103-KL/TW will fundamentally resolve existing issues in forestry land use and management, directly supporting compliance with international market requirements for legality, sustainability, and supply chain traceability of agricultural and forestry products.

## 4. CONCLUSION

Vietnam's forestry sector has implemented significant measures to enhance land use efficiency, protect, and develop forest resources over recent decades. These efforts will be further strengthened if persistent issues in land use and forest management—particularly in areas managed by state forestry enterprises—are thoroughly addressed. Resolving these challenges directly contributes to meeting increasingly stringent import requirements of international markets for agricultural and forestry products sourced from Vietnam's forest land. The current policy framework, notably Conclusion 103-KL/TW of the Politburo, provides clear guidance for tackling these issues. Effective implementation requires robust engagement from regulatory agencies at both central and local levels, as well as the private sector, particularly companies within supply chains. The process also demands active and voluntary participation from farming households, supported by necessary technical and financial support from government to facilitate this transition.



*Photo 5. Plantation forest in Vietnam (image created by AI). Source: Freepik*

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