Vietnam Rubber Exports to the EU:
Current state and capacity to comply with the EUDR

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LIST OF ABBREVIATIONS

EU	European Union
EUDR	European Union Deforestation Regulation
FDI	Foreign Direct Investment
NR	Natural Rubber
RP	Rubber Product
GDVC	General Department of Vietnam Customs
VRA	Vietnam Rubber Association

DISCLAIMER

This report is a collaborative product of the Vietnam Rubber Association (VRA) and Forest Trends, completed with financial support from the Foreign, Commonwealth & Development Office of the United Kingdom (FCDO) and the Norwegian Agency for Development Cooperation (NORAD). The views expressed in this report are solely those of the authors and do not necessarily reflect the views of the organizations where the authors are employed or the funding organizations.

SUMMARY

The Vietnamese rubber industry plays a pivotal role in agricultural exports, with the total export value of its two main product groups, natural rubber (NR) and Rubber Products (RP), consistently maintained at 7–8 billion USD annually. The EU market continues to play a strategic role, accounting for about 7.4% of the total export value of these two product groups, with 95% of that coming from the high-value-added RP segment. For NR, domestic private enterprises dominate in terms of the number of companies exporting to the EU. These firms primarily source their raw materials from smallholder rubber farms and, to a lesser extent, from areas managed by state-owned enterprises. Meanwhile, RP exports to the EU show a distinct difference among participating enterprise groups: A small group (approximately 10 enterprises) of foreign direct investment (FDI) companies controls almost the entire segment, accounting for over 80% of the export value. State-owned and private enterprises account for the remaining small proportion.

The European Union (EU) enacted the EU Deforestation Regulation (EUDR) in 2023, which will take effect in early 2026. Seven agricultural and forestry commodities, including rubber, imported into the EU must (a) comply with all regulations of the producing country, from production to export, and (b) ensure that the production process does not harm forest resources. Overall, the current supply chain of Vietnam's rubber industry is relatively complex, with 63% of raw rubber originating from smallholders and the remaining 37% from large-scale plantations. These figures do not account for imported supply, which is equivalent in volume to the domestic output Therefore, EUDR compliance needs to be implemented synchronously from the beginning of the chain, where smallholders and purchasing agents play a pivotal role in providing information for traceability and ensuring the legality of input raw materials.

The ability of enterprises in the industry to meet EUDR requirements varies significantly, depending on the current state of their supply chain, including raw material sources, operational and supply chain management capacity, and enterprises resources. FDI and state-owned enterprises have a distinct advantage in traceability, primarily due to their simpler supply sources and their resources to invest in robust traceability systems. Conversely, private enterprises contend with greater difficulties, stemming from their predominantly smallholder-sourced and intricate supply chains, compounded by limited investment capital. Smallholders play a crucial role at the beginning of the supply chain, serving as the primary source of raw materials for the industry. These households, however, will confront the most substantial barriers to EUDR compliance, largely because their operations are still characterized by informal and traditional methods. Additionally, these households haven't yet accessed information regarding legal and sustainability requirements. These factors prevent the implementation of traceability activities.

Overall, most current supply chains in the industry do not yet meet EUDR requirements. The biggest current barriers include a lack of digital maps for cultivation areas, legal land records, the informal nature of transactions within the supply chain (especially between farmers and agents), and limited technological capacity. To maintain and expand market share in the EU, these barriers need to be thoroughly addressed. This requires special technical and financial support for private enterprises, agents, and smallholder households. Additionally, the industry needs to develop a common national

traceability platform; promote public-private partnerships (PPP); and connect with key export markets such as China, the US, and the EU. Implementing these solutions will not only help the rubber industry comply with EUDR but also enhance the industry's international competitiveness.

1. Background

Vietnam's rubber industry is export-oriented. The export turnover of its two main commodities, NR and RPs, has been relatively stable in recent years, reaching approximately $7.5 billion in 2022, nearly $7.3 billion in 2023, and an estimated $8.5 billion in 2024. Currently, over 350 enterprises are involved in exporting to the EU market. This figure includes 50 enterprises exporting NR and more than 300 enterprises exporting RP, such as tires, conveyor belts, gloves, and industrial components.

The EU is an important market for Vietnam, especially for RP, with the export value of products in this group accounting for 9.5% of the industry's total export turnover in 2024. Regarding NR, the EU is not a major market for Vietnam, but the export trend has been increasing in long-term supply contracts as some large enterprises with their own rubber plantations are now forming sustainable RPion areas to meet export market requirements.

The EU enacted the EUDR in 2023. It will come into effect in early 2026. This regulation requires seven agricultural and forestry commodities, including rubber, imported into this market

(a) to comply with all regulations of the producing country, from production to export,

(b) and ensure that the production process does not cause harm to forest resources. Generally, Vietnam's current rubber industry supply chain is relatively complex, especially for supply chains involving smallholder households (smallholder supply chains). Currently, raw material supply from smallholders accounts for 63% of the total domestic supply (excluding imported supply). The remaining portion consists of raw materials from large-scale plantations, primarily from companies under the Vietnam Rubber Group.

The ability of enterprises in the industry to comply with EUDR varies significantly, depending on the reality of their supply chains and their resources. With the industry's current supply chain, implementing EUDR presents an opportunity for a few enterprises, but it will be a major obstacle for many enterprises and other stakeholders in the chain. Although not all Vietnamese rubber is exported to the EU and needs to comply with EUDR, markets consuming agricultural and forestry products in general are increasingly demanding stricter requirements for traceable supply chains and product sustainability. Given this trend, current stakeholders in the rubber industry supply chain need to adapt to maintain and expand their market presence. This is an opportunity to upgrade the industry towards sustainability and meet future market requirements.

2. Vietnam's rubber exports: 2022–2024

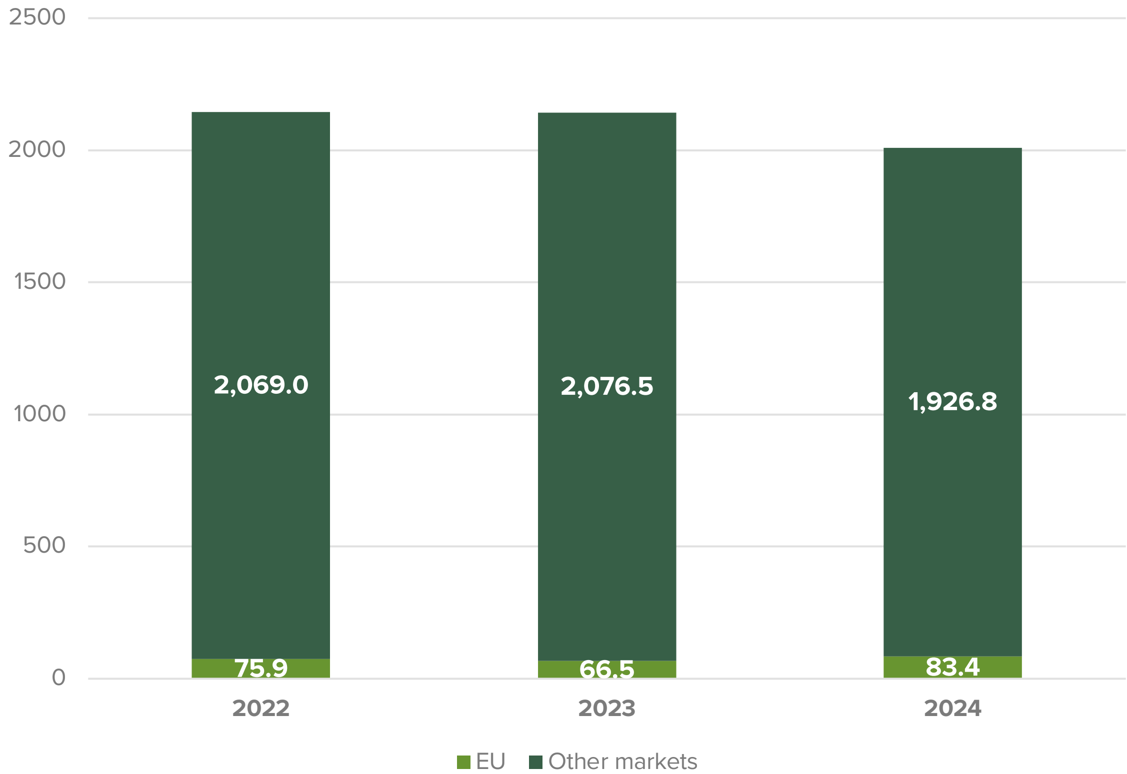
2.1. Natural rubber exports

In 2022, Vietnam exported over 2.14 million tons of NR; export volumes remained stable in 2023, then slightly decreased to approximately 2.01 million tons in 2024. The volume of NR exported to the EU is small, averaging 3-4% of Vietnam's total NR exports to all markets. Specifically, exports to the EU reached 66.5 thousand tons in 2023 and 83.4 thousand tons in 2024.

Image 1: Rubber forest in Dau Tieng, Binh Duong. Source: Forest Trends

Figure 1 illustrates that while the EU isn't Vietnam's primary market for NR, export volumes to this market showed strong growth in 2024, whereas the total export volume to other markets experienced a slight decrease. This reflects Vietnam's market diversification trend as it adapts to new requirements like the EUDR, while also affirming the EU's increasingly prominent role in the sustainable export value chain of Vietnam's rubber industry.

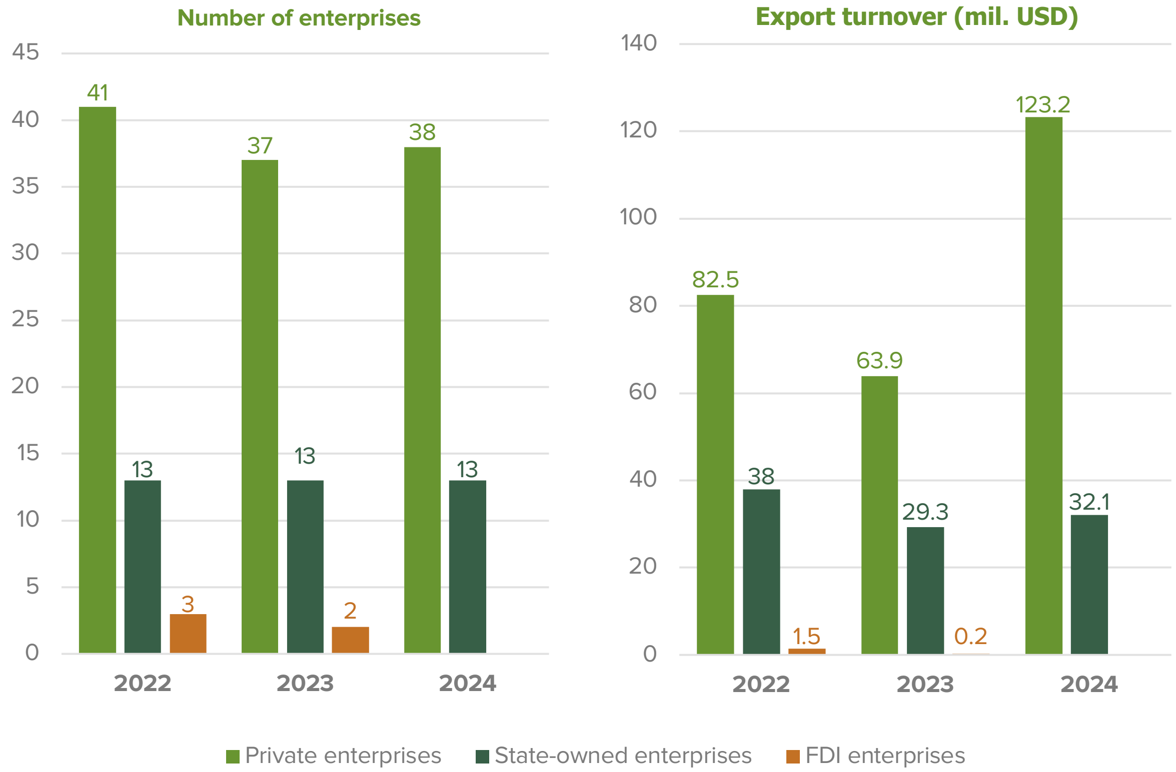
Figure 1: Vietnam's NR export volume to the EU and other markets, 2022 - 2024 *(thousand tons)*



Source: VRA compiled from the General Department of Vietnam Customs (GDVC) data

The composition of enterprises participating in NR exports to the EU is relatively diverse, including private enterprises, state-owned enterprises and FDI enterprises. The number of enterprises exporting NR to the EU is small, at around 50-60 enterprises per year, with private enterprises accounting for the majority (80%). The number of participating private and state-owned enterprises in this export segment has remained relatively stable. However, FDI enterprises' participation in this segment has gradually decreased, with no FDI enterprises exporting NR by 2024. The number of participating private and state-owned enterprises in the export segment remained relatively stable. However, FDI enterprises' participation in this segment gradually decreased, with no FDI enterprises exporting NR by 2024.

Figure 2: Number of enterprises and NR export turnover from Vietnam to EU by enterprise type, 2022 – 2024



Source: VRA compiled from GDVC data.

Private enterprises hold the largest proportion in terms of both number and turnover among enterprises involved in NR export. The export turnover of this group of enterprises has fluctuated significantly in recent years: it dropped from $82.5 million in 2022 to $63.9 million in 2023, then surged to $123.2 million in 2024, accounting for approximately 79% of the total NR export turnover to the EU in the same year (the remaining 20% of turnover came from state-owned enterprises). This indicates that private enterprises are more dynamic and adaptable to market fluctuations, especially those triggered by the promulgation of the EUDR.

The number of state-owned enterprises participating in NR exports has remained stable, with 13 enterprises involved each year. Their export turnover slightly decreased from $38 million in 2022 to $29.3 million in 2023, then increased to $32.1 million in 2024.

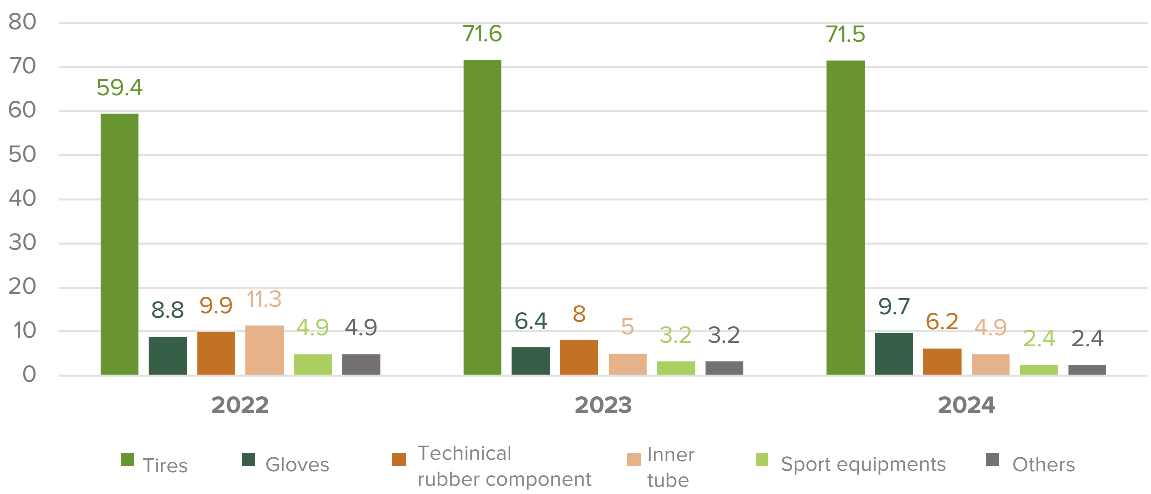
A significant portion of the NR exported by private enterprises is sourced from state-owned enterprises. This means that although the direct export turnover of state-owned enterprises accounts for only 20-30% of the total export turnover for these product categories, the actual role of the state sector in the NR export supply chain to the EU is significant, and the 20-30% turnover figure does not fully reflect this role. In the context of the EU's requirement for product traceability back to the plantation, state-owned enterprises possess a distinct advantage: their raw material supply comes directly from their own plantations, and their supply chains are significantly simpler (shorter) than those involving smallholders, making traceability much easier. In fact, all enterprises under the Vietnam Rubber Group (state-owned enterprises) have been, and are currently, implementing activities to comply with the EUDR. Many areas managed by enterprises within the group have already achieved PEFC sustainable certification. These are considerable advantages compared to smallholder supply chains (see Section 2.3 for more information on certified sustainable rubber areas).

Involvement of FDI enterprises in NR exports has been minimal. In 2022, there were only 3 FDI enterprises with a turnover of over $1.45 million. By 2024, no FDI enterprises were involved. The withdrawal of FDI enterprises from NR exports could be attributed to obstacles in meeting EUDR requirements, a lack of competitive advantage compared to enterprises in other groups within this segment, or a strategic shift by FDI enterprises towards exporting to other markets with less stringent demands.

2.2. RP exports

The industry's total export turnover for RP reached $3.32 billion in 2023 and increased to $3.42 billion in 2024. The EU is a strategic market for Vietnam regarding RP items, with the export turnover for this product group from the EU reaching approximately $450 – $470 million annually. This accounts for 9-10% of the total export turnover for this product group to all markets. Key products exported to the EU primarily include tires, medical gloves, and technical rubber components, with tire exports accounting for over 70% of the total RP export turnover to the EU.

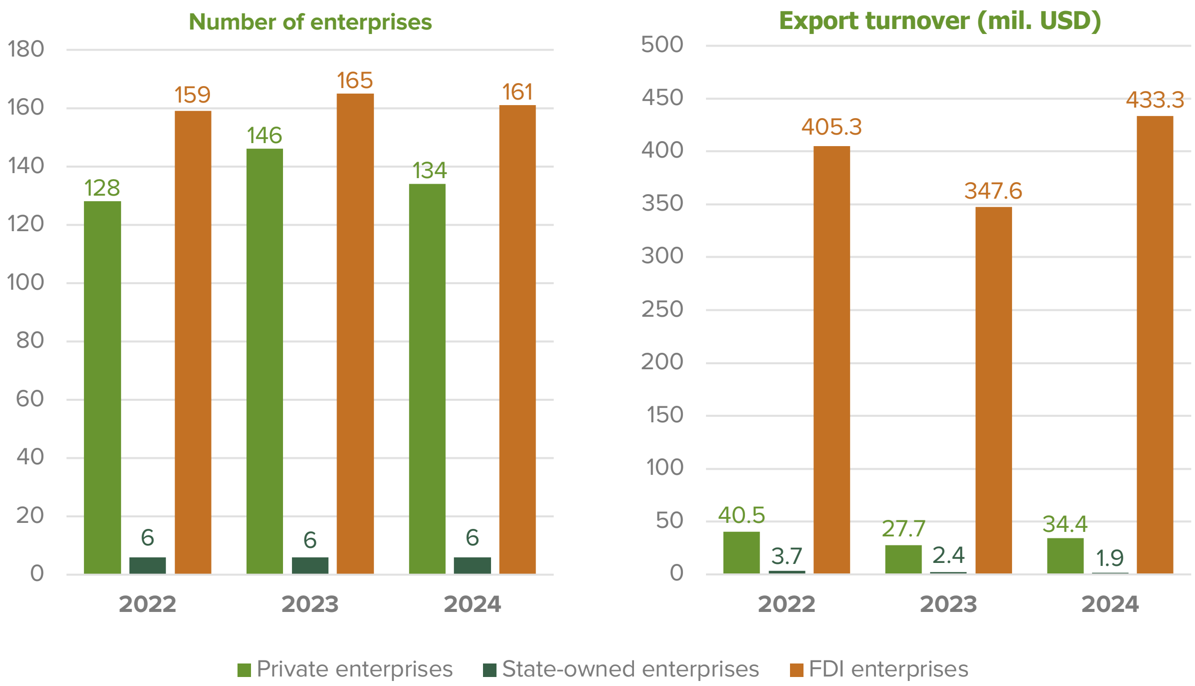
Figure 3: Percentage of RP's exports to the EU by key products, 2022–2024



VRA compiled from GDVC data.

On average, approximately 300 enterprises exported RP to the EU each year during the 2022-2024 period. This broad participation of enterprises demonstrates the attractiveness of this market for RP items. Figure 4 presents the figures for the number of enterprises involved in RP exports, categorized by type and turnover.

Figure 4: Number of enterprises and export turnover of Vietnam's RP to the EU by enterprises type, 2022 – 2024



Source: VRA compiled from GDVC data.

FDI enterprises play a dominant role in the export of RP to the EU, in terms of both the number of enterprises and export turnover. FDI enterprises account for roughly 50% of the total number of enterprises, but their export turnover contributes over 90% of the total RP export turnover from Vietnam. The remaining less than 10% of turnover comes from private and state-owned enterprises.

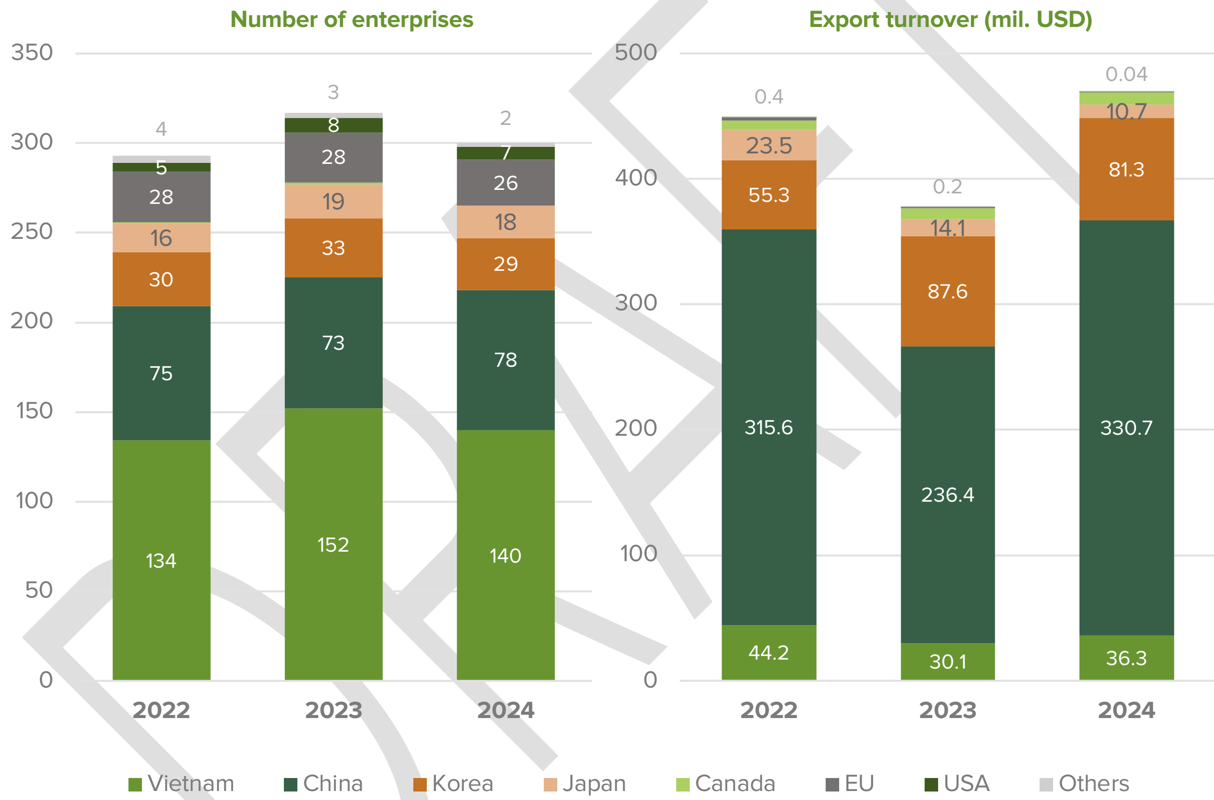
There is a distinction in the types of products exported between FDI enterprises and other enterprise groups. FDI enterprises typically focus on high-value products like tires and inner tubes, while private enterprises concentrate on consumer goods such as gloves and elastic threads. The overwhelming role of FDI enterprises in RP exports can be attributed to their large-scale production, international quality management systems, and robust traceability capabilities. This is mainly because these enterprises opt for simpler, traceable supply chains (e.g., purchasing raw rubber from state-owned enterprises or those within the Vietnam Rubber Group). Their high technical capacity also allows them to adapt quickly to stringent EU technical standards, including new requirements from the EUDR.

Domestic private enterprises account for 44-46% of the total number of enterprises involved in RP exports, but their share of export turnover is very low, only about 8-9% of the total export turnover. The disparity in export turnover proportions between FDI enterprises and domestic private enterprises clearly reflects differences in production scale, management and technological expertise, market access capabilities, investment resources, and the ability to establish traceability systems as required by importing markets.

The role of state-owned enterprises in exporting RP to the EU is negligible. Each year, only 6 state-owned enterprises participate in this segment, contributing a very small proportion of the total turnover.

Figure 5 illustrates the number and export turnover of enterprises exporting RP from Vietnam to the EU, categorized by FDI and Vietnamese enterprises. The FDI enterprises includes enterprises from China, South Korea, and other countries. The Vietnamese enterprises comprises both private and state-owned enterprises.

Figure 5. Number of enterprises and export turnover of Vietnam's RP to the EU by investment origin, 2022 – 2024



Source: VRA compiled from GDVC data.

Vietnamese enterprises consistently accounted for 45-47% of the total participating enterprises. In 2022, there were 120 participating enterprises; this number increased to 132 in 2023, then slightly decreased to 124 in 2024. The fluctuation in numbers indicates that despite numerous Vietnamese enterprises engaging in exports, their stability and ability to maintain a foothold in the EU market remain limited. This could be due to difficulties Vietnamese enterprises face in meeting the increasingly stringent technical standards and supply chain transparency requirements of the EU market, especially after the promulgation of the EUDR.

The number of FDI enterprises participating in RP exports to the EU has maintained high stability over the years. Enterprises with capital from China fluctuated between 60-65 enterprises, South Korea between 28-33 enterprises, and Japan between 15-17 enterprises. This stability may reflect a well-established investment strategy and long-term development orientation of FDI enterprises, coupled with better preparation in production capacity, quality control, and compliance with international requirements, including traceability and sustainable development standards.

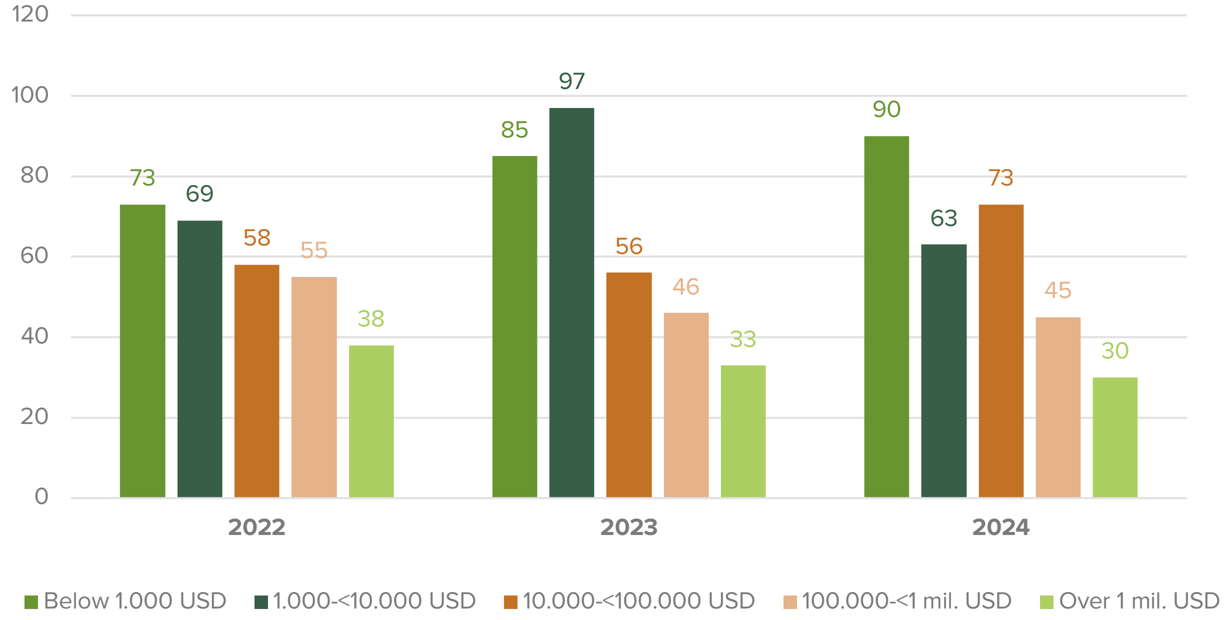
Regarding export turnover, the disparity between enterprise groups is even more evident. Although Vietnamese enterprises constitute the largest number, their export value is very limited. In 2022, this group's export turnover accounted for approximately 9.8% of the total export turnover; this proportion continued to decline to 7.9% in 2023 and 7.7% in 2024. These figures regarding the proportion indicate that the export scale of Vietnamese enterprises is very small, and their competitiveness is not yet high. In contrast, FDI enterprises, despite their smaller number, account for over 90% of the total export turnover. Within the FDI groups, Chinese enterprises demonstrate dominance, contributing over 70% of the total export turnover in 2024. This group leads in both scale and growth rate.

The primary reasons for the disparity between enterprise groups stem from their internal capabilities and ability to meet market demands. FDI enterprises possess advantages in large-scale production, well-established traceability systems, and extensive distribution networks. These factors enable them to adapt quickly to new requirements like the EUDR. In contrast, Vietnamese enterprises are mostly small and medium-sized, with limited conditions and resources to invest in deep processing technology and supply chain control systems. Furthermore, many Vietnamese enterprises, with their complex supply chains, cannot meet the stringent requirements of the EU market. The difficulties will intensify for this group as the EU market tightens import regulations under the EUDR.

Figures 6 and 7 reveal a significant difference in enterprise scale. In 2024, 30 exporting enterprises had a turnover exceeding $1 million. These enterprises accounted for less than 10% of the total exporting enterprises but generated $450.4 million in export turnover, representing over 95% of the total export turnover from all enterprises in this segment. Enterprises with an export turnover under $1 million accounted for over 90% of the total number of enterprises, but their turnover was only approximately $19 million, corresponding to 4% of the total export turnover. Notably, the number of enterprises with very low export turnover (under $10,000 per enterprise) made up 20% of the total enterprises involved in exports in 2024, yet their export value was negligible.

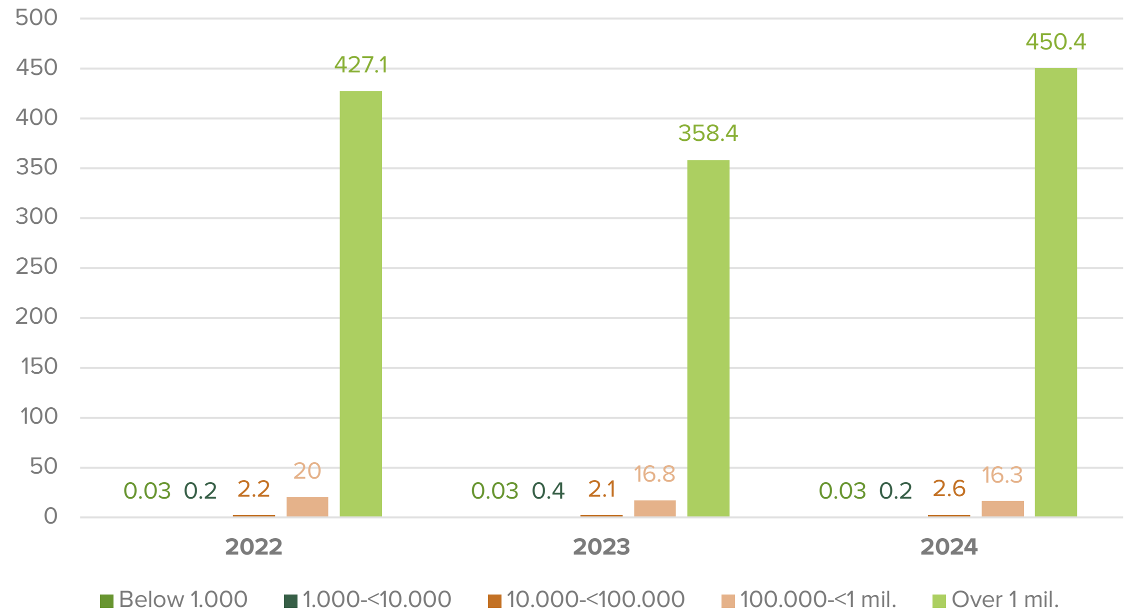
This clearly shows a distinct differentiation in RP exports to the EU: large enterprises, primarily FDI enterprises, almost exclusively dominate this value chain. Private and state-owned enterprises have a limited role. Additionally, the large number of small participating enterprises, despite their small export scale, might reflect a trend of expanding market access for this group. However, this reality also poses risks regarding stability and the ability to meet stringent traceability requirements.

Figure 6: Number of Vietnamese enterprises exporting RP to the EU by export turnover scale, 2022 – 2024



Source: VRA compiled from GDVC data.

Figure 7: Vietnam's RP export turnover to the EU by export turnover scale, 2022 – 2024 *(million USD)*



Source: VRA compiled from GDVC data

The 2022-2024 period witnessed robust growth in RP export turnover to the EU. The export value increased from $377.7 million in 2023 to $479.9 million in 2024. This growth primarily originated from large enterprises, particularly FDI enterprises. Vietnamese enterprises currently lack a competitive advantage in this segment.

2.3. Input material supply for enterprises

The input material supply for rubber exporting enterprises—both NR and RP —varies significantly among different enterprise groups. This reflects distinctions in the structure, organization of the supply chain, scale, and target markets among these groups.

For NR exporting enterprises in general, input materials mainly come from two primary channels: (1) From plantations owned by the enterprises themselves, predominantly state-owned enterprises that have access to land; (2) Collection from smallholders through intermediary agents. For the state-owned enterprises sector (such as enterprises belonging to the Vietnam Rubber Group or provincial enterprises), supply from self-managed plantations accounts for a large proportion. The legal land documents for these enterprises are typically clear and relatively complete, Making the raw material supply from this source legally transparent. However, for supply from smallholders, the supply chain is relatively complex, often involving multiple intermediaries, making traceability very difficult. Currently, most private enterprises heavily rely on smallholder supply.

Some enterprises currently have raw material areas that have achieved sustainable certification. Specifically, as of May 9, 2025, the area of rubber plantations certified sustainable under the PEFC system is approximately 145,000 hectares. The majority of this area consists of large-scale rubber plantations owned by enterprises within the Vietnam Rubber Group, primarily concentrated in the Southeast region (nearly 110,000 hectares). The area of rubber certified under FSC is about 11,400 hectares, including some smallholder areas that are part of collaborations with private enterprises. Rubber originating from these sustainably certified areas has a significant advantage in meeting EUDR requirements.

A significant amount of the raw rubber currently used by the industry originates from imports, with 95% of these imports coming from Cambodia and Laos via border checkpoints. In 2024, the Vietnamese rubber industry used a total of 2.39 million tons of dry-equivalent raw rubber. Of this, domestic sources supplied about 1.3 million tons (over 60% from smallholders), and imported sources accounted for 1.09 million tons (64.3% from Cambodian sources). The import of raw materials is primarily handled by private enterprises. The imported raw materials are primarily used by processing enterprises, which are domestic private enterprises. It's possible that a portion of this imported supply is blended with domestic smallholder supply and then exported to the EU after processing. Nevertheless, there's currently no specific information available regarding the quantity of imported raw rubber exported to the EU under the NR and RP categories.

For RP exporting enterprises, input raw material sources are more diverse. These include domestically processed RP (RSS, SVR), recycled rubber, and imported raw materials from Thailand, Malaysia, Indonesia, or China. FDI enterprises often import a significant portion of internationally certified materials, primarily from Thailand, to ensure quality consistency and easy traceability. Meanwhile, domestic private enterprises mostly use local raw materials, procured through a system of agents, which makes it harder for them to trace supply sources as required by the EUDR.

Furthermore, some enterprises (both NR and RP exporters) tend to blend both domestic and imported raw materials to meet export order volumes. However, they lack sufficiently robust internal control systems to manage the entire chain, leading to traceability risks once the EUDR comes into effect.

3. EUDR regulations and enterprise group adaptability

3.1. EUDR regulations

The EUDR mandates that products imported into the EU must not contribute to deforestation, with deforestation being assessed from December 31, 2020, onwards. Enterprises exporting to the EU must provide information enabling full supply chain traceability, from export to individual rubber cultivation plots. They must also demonstrate that their production processes do not harm forest resources. Exporting enterprises are required to conduct due diligence on their supply chains, comprising three steps: (1) Information gathering, which includes collecting records and data to prove that products do not cause deforestation, and that all activities within the chain, including cultivation on plots, comply with national laws on land, environment, social aspects, taxes, fees, etc.; (2) Risk assessment of all supply chain activities for non-compliance with legal regulations and anti-deforestation requirements; (3) Implementation of procedures and measures to address the risks identified in step (2). Risk mitigation measures may include providing additional information, supporting suppliers (especially smallholders) through capacity building and investment activities, reorganizing supply chains to enable traceability, and eliminating high-risk supply sources.

3.2. Capacity to comply with the EUDR of rubber industry enterprise groups

The readiness to comply with EUDR varies significantly among NR and RP exporting enterprises in Vietnam. This disparity is primarily driven by differences in input material supply, production scale, financial capacity, management expertise, and access to technology.

State-owned enterprises

This group includes companies with large-scale plantations, established processing plant procedures, and/or prior export experience to high-standard markets like the EU, Japan, and the US. Currently, rubber areas managed by state-owned enterprises (large-scale plantations) account for nearly 50% of the total rubber area in Vietnam. Many of these enterprises have already achieved sustainable certifications (FSC, PEFC) for their plantations and have partially or fully implemented product traceability systems. These enterprises are currently in the process of completing digital maps of their cultivation areas, digitizing plot records, legal boundaries, and ownership information. Their goal is to achieve traceability down to each production lot—a key requirement of the EUDR. Some enterprises have already exported products that buyers in the EU market have accepted as EUDR-compliant. Overall, the readiness level of this group for EUDR regulations ranges from medium to high. However, some enterprises still need support with specific technical guidance and officially recognized EU procedures.

Enterprises that have achieved sustainable certifications (FSC, PEFC) have an advantage in meeting EUDR requirements, thanks to their experience in sustainable management and relatively complete data systems. As of May 9, 2025, the total certified rubber area under FSC and PEFC is 11,400 hectares and 145,000 hectares, respectively, with most of this area belonging to enterprises within the Vietnam Rubber Group. Nonetheless, the EU does not recognize sustainably certified rubber as fully meeting all EUDR requirements. This has left various enterprises that have adopted sustainable certification systems confused about specific compliance criteria, especially since the EU has not yet issued a detailed set of guidelines for implementing EUDR requirements.

FDI enterprises

Overall, the ability of FDI enterprises to comply with EUDR requirements is considered relatively high. This is because these enterprises operate under international standards such as ISO 9001, ISO 14001, etc. Many enterprises within this group also adhere to global supply chain sustainability requirements guided by their parent companies abroad. For the FDI enterprises exporting NR, their numbers are not large. The input raw material supply for these FDI enterprises comes from large-scale rubber plantations and/or imported sources with clear origin information, facilitating easy traceability. For FDI enterprises exporting RP, many are already familiar with complying with stringent technical regulations from demanding markets like the EU, the United States, and Japan. These enterprises are typically proactive in updating to new legal requirements, quickly adjusting their traceability systems, and integrating technical information into their due diligence systems (DDS) as mandated by the EUDR. However, some smaller FDI enterprises, primarily engaged in commercial procurement or simple processing, and some with supply from smallholders, still face numerous challenges in meeting future traceability requirements.

Overall, the FDI enterprises group currently possesses the best capability to comply with the EUDR. Nevertheless, to ensure effective compliance with EUDR requirements, a synchronized support mechanism is needed to help FDI enterprises collaborate with and assist domestic enterprises, smallholders, and agents within the shared supply ecosystem.

Vietnamese private enterprises

Since the input raw material supply for this group of enterprises primarily comes from smallholders and partly from imported sources, they will encounter significant difficulties in meeting EUDR requirements. These challenges relate to aspects such as digitizing systems, updating cultivation area maps, maintaining detailed traceability records, and gathering evidence of compliance for chain activities, including information on cultivation areas. Numerous enterprises in this group are involved in trade (procurement and export) without owning plantations and are entirely dependent on raw material suppliers like traders or smallholders. Some enterprises have factories, but they are typically small-scale. Their implementation of activities for tracing raw rubber, such as detailing plantation geographical locations, collecting cultivation area data, and mapping cultivation areas, remains very limited. Small enterprises also report difficulties in accessing comprehensive information and a lack of detailed guidance from specialized agencies. In general, the readiness of this enterprises group is minimal.

Smallholders

Over 60% of the industry's current raw materials originate from smallholders. Most smallholders have not yet accessed information regarding EUDR requirements. While smallholders are a crucial link in the supply chain, they are also the weakest link in terms of traceability and EUDR compliance. Specifically, most households lack the capacity to meet traceability requirements for rubber raw material extraction and trading activities. Many households cannot or are unwilling to provide evidence to prove their production activities do not cause deforestation. The common issues include a lack of information regarding the legality of rubber cultivation areas (e.g., land use rights certificates) and unclear geographical boundaries of plots. Some smallholder rubber cultivation areas have not yet been granted land use rights certificates; others are currently under dispute, including overlapping rubber land areas in some localities or smallholder rubber land designated as forest land managed by communal authorities and forest enterprises. enterprises that procure raw rubber from smallholders face numerous obstacles in accessing information about the plots and their owners. All these existing challenges pose significant hurdles for traceability as required by the EUDR.

To comply with EUDR requirements, smallholders need access to knowledge and financial support. Without this aid, their ability to access the EU market could diminish, or they might even be excluded from the supply chain. Some private enterprises have formed partnerships with smallholders to create sustainably certified cultivation areas that meet EUDR demands from EU buyers. However, these linked areas are currently very limited in size.

The information on the readiness levels of the aforementioned enterprise groups and smallholders indicates that the industry's preparedness for EUDR requirements varies significantly. The enterprise group with large-scale, well-invested plantations show a relatively high level of readiness. Conversely, private enterprises, especially those that do not own raw material areas and rely on smallholder supply, face a high risk of exclusion from the EU market if timely support solutions aren't provided. FDI enterprises demonstrate the highest level of readiness.

4. Policy recommendations

To enhance the compliance capability of Vietnam's rubber industry with new EU regulations, particularly the EUDR, various support policies must be developed and tailored to each ENT group. Policies and resources for their implementation need a phased approach, including short-, medium-, and long-term strategies. This will help optimize resource allocation and align with the current operational realities of enterprises and other stakeholders in the supply chain.

State-owned enterprises and FDI enterprises: These enterprises typically have established foundations in quality management, traceability, and international market access. There's a need for appropriate mechanisms to encourage them to take a leading role in the supply chain, supporting other enterprises in implementing traceability. Such mechanisms could include public recognition for enterprises, preferential treatment in inspection and monitoring procedures, faster tax refunds, and trade promotion support.

Vietnamese private enterprises: This group is vulnerable due to limited financial, technical, and technological resources, and the complexity of their supply chains, which involve smallholders. The government and relevant stakeholders should prioritize technical support (training, consulting) and financial assistance (credit incentives, reduced initial investment costs) to help these enterprises gradually build and operate traceability systems that meet EUDR requirements. We also need policies that encourage these enterprises to participate in supply chain linkages, cooperatives, or cultivation clusters.

Establish a common national traceability platform: Instead of each business developing its own separate system, the government should build a national traceability platform that can integrate and share data. This would save costs, increase transparency, and improve oversight capabilities. This platform should be compatible with international systems, specifically EU standards. It's especially important to develop and test simple, digitized traceability tools that smallholders can easily access, such as phone mapping applications and QR codes for tracing cultivation areas.

Encourage partnerships between enterprises and smallholders to meet traceability requirements: Some private enterprises are already linking with smallholders to produce sustainable rubber. Lessons learned from these models should be summarized and widely shared with stakeholders, especially among private enterprises that source from smallholders. Incentivizing cooperation can involve technical support (e.g., traceability software, training), financial access (e.g., preferential loans), and legal assistance (e.g., accelerating land use rights certificates for households, helping resolve land disputes). Critically, these incentives must motivate all supply chain participants, including enterprises and households, to engage. Besides incentives ("carrots"), mandatory regulations ("sticks") are also needed to ensure all supply chain parties comply with legal requirements.

Promoting Public-Private Partnerships (PPP) and the role of industry associations: Collaboration among the Government, enterprises, and industry associations will help implement policies flexibly and effectively. The rubber association should enhance its role in information dissemination, publicizing new regulations, organizing training, and serving as a focal point for relaying enterprises challenges. The Government can encourage PPP projects to build databases, technical infrastructure, and communicate about EUDR. The association should also encourage pioneering members—businesses that have established traceable, legal, and sustainable supply chains—to share their experiences with other enterprises and stakeholders.

Proposing a bilateral transition mechanism with the EU: Vietnam needs to strengthen regional cooperation among rubber-producing countries to jointly advocate for a suitable transition mechanism with the EU for the rubber industry. This mechanism could extend for 2-3 years, accounting for the unique characteristics of Southeast Asia, and allowing enterprises time to adjust their traceability systems without losing market access. Clarifying requirements and implementation roadmaps with EU partners is also crucial to ensuring stability for the entire industry during the transition period.

5. Conclusion

In conclusion, not all raw rubber supplied from Vietnam or imported is processed and exported to the EU. This means that not all current participants in Vietnam's rubber supply chain must comply with EUDR requirements. However, all parties currently exporting to the EU must meet these requirements if they wish to maintain their market presence in the future. Failure to comply with EUDR not only risks exclusion from the EU market but also negatively impacts enterprises that are already meeting EU standards. This will also affect the overall international image of Vietnam's rubber industry.

Recent global market trends indicate that traceability requirements are a mandatory future direction, not just limited to the EU market. Vietnam's rubber industry needs to clearly recognize this trend and implement intervention measures to adapt its current supply chain, both in terms of policy and business operations, to meet market requirements and trends. This demands effort from all stakeholders, including regulatory bodies, associations, enterprises, and especially smallholders. Future support mechanisms and policies should prioritize vulnerable groups, including small and medium-sized enterprises and smallholder rubber farmers currently participating in the supply chain.