Meeting the EUDR requirements from the Perspective of the VICOFAt
MEETING THE EUDR’S REQUIREMENTS FROM THE PERSPECTIVE OF THE VIETNAM COFFEE-COCOA ASSOCIATION

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Ho Chi Minh City, December 4, 2023
Area: 709,041 ha; Average yield: 2.98 tons/ha

1. North-west Area: (Diên Biên, Sơn La): 3%
   21,508,7 ha, 17,6 tạ/ha

2. Centre: (Quảng trị; TT-Huế): 0,56%
   3,952,1 ha, 11,5 tạ/ha

3. Highland centre: 92,8%
   657,995,1 ha, 30,6 tạ/ha

4. South-East Area: 3,2%
   22,855,8 ha, 23,2 tạ/ha

5. Centre Coast: 0,44%

Source: Crop Production Department, MARD
Vietnam Coffee Export 2022/23

- Robusta nhân sống
- Arabica nhân sống
- Nhân đã khử caffeine
- Cà phê nhân khác
- Cà phê chế biến

Khối lượng (tấn)
Kim ngạch (1.000 usd)
Total coffee exports in the first 10 months of 2023: nearly 1.3 million tons with a turnover of nearly 3.3 billion USD, decreased to nearly 11% in export quantity and 1.2% in turnover.
A. EU Regulations on deforestation-free and forest-degradation-free supply chains

B. German Law on Supply Chain

C. Greenhouse Gas Emissions (GHG) Mitigation Regulations

D. Challenges & Opportunities from EUDR For Vietnam Coffee Industry
A. EUDR Regulations & Conditions

I. Execution time

- Deforestation Cut-off Date: 31/12/2020
- EUDR entry to force: 29/06/2023
- Applicable for all importers: 12/2024
- Applicable for all SME: 6/2025

II. Conditions for imports to enter the EU:

1. Free from deforestation and forest degradation
2. Compliance with the national laws on labor rights (women, children)
3. Due Diligence Statement

- COFFEE
- COCOA
- CATTLE
- TIMBER
- SOJA
- PALM OIL
- RUBBER
III. Due diligence declaration according to EUDR requirements

1. 1. Information, data, documents about the product
   1.1 Product overview name
   1.2 Geo-coordinate data at the farm-level
   1.3 Information on traceability
   1.4 Information stating that the product is free from deforestation
   1.5 Compliance with the legislation of the country of production

2. Measures for risk analysis
   2.1 Classified by comparative risk level: low – medium – high
   2.2 Forest areas by the cut-off date of 31/12/2020
   2.3 Conditions of production areas and supply chains
   2.4 Product origin
## IV. Due Diligence according to Risk Levels

<table>
<thead>
<tr>
<th>Low Risk Level</th>
<th>Medium Risk Level</th>
<th>High Risk Level</th>
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<tbody>
<tr>
<td>• Information, data, documents about the product</td>
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<tr>
<td>• <strong>At least 1%</strong> of import operators inspected</td>
<td>• Risk assessment measures</td>
<td>• Risk assessment measures</td>
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<td>• Risk mitigation measures</td>
<td>• Risk mitigation measures</td>
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<tr>
<td></td>
<td>• <strong>At least 3%</strong> of import operators inspected</td>
<td>• <strong>At least 9%</strong> of import operators inspected</td>
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EU will announce the level of comparability of each country before December 30, 2024
1. The new regulation of Germany on Enterprise Due Diligence Responsibilities in the Supply Chain passed in July 2021 (effective from January 1, 2023)

2. Applied to all operators registered in the territory of the Federal Republic of Germany with a scale of from 3,000 employees (from January 1, 2023) and from 1,000 employees (from January 1, 2024).

3. All businesses participating in the German supply chain, regardless their location, are responsible for providing information and data on due diligence on labor' rights and the environment.
B. DUE DILIGENCE REGULATIONS FOR THE SUPPLY CHAIN IN GERMANY

PRIMARY REQUIREMENTS TO ENTERPRISES UNDER THE LAWS OF THE FEDERAL REPUBLIC - GERMANY

✓ Establish risk management systems
✓ Assign responsible person in the company
✓ Regular conduct risk analysis
✓ Provide policy statement
✓ Introduce preventive measures in the operating field of the enterprise and for direct suppliers
✓ Provide remediation of consequences when violations occur
✓ Establish complaint procedures
✓ Conduct due diligence related to risks at indirect suppliers
✓ Documentation and reports
In November 2021, at the COP26 conference taking place in Glasgow, Scotland (UK), the Prime Minister of Vietnam committed to:

- By 2030, Vietnam’s GHG emissions will decrease by 30%
- By 2050 net emissions will be zero
- Establish a carbon credit market and carbon credit transactions in Vietnam
## D. Challenges from EUDR for Vietnam's Coffee Industry

<table>
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<th>Number</th>
<th>Challenge</th>
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<tbody>
<tr>
<td>1</td>
<td>Cost incurrence (human resources/ capacity improvement trainings in supply chains/ digitalization in management/ operations/ positioning of production areas)</td>
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</table>
| 2      | Traceability requirements for product origin in the supply chain:  
- 30% of Vietnam's coffee area has applied voluntary sustainability certification programs: 4C...  
- 70% of the cultivation area has not yet applied any certification program  
- Mandatory polygon geo-data collection for farms from 4 hectares while the actual scale of household farms in Vietnam range from 0.7 to 1 hectare |
| 3      | Decreasing profit of coffee producers compared with other crops, such as durian, due to a reduction in coffee cultivation area |
| 4      | Required training to improve capacity in the production chain, especially for direct producers. |
| 5      | Integration of solutions into production practices: Scientific and technological advancements in processing and production, business, and operational management |
| 6      | Access to information and relevant policies: Policy roadmap (as of 31/12/2020) between the EU and VN |

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## D. OPPORTUNITIES FROM EUDR FOR VIETNAM'S COFFEE INDUSTRY

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<td>1</td>
<td>Implementing applicable solutions in supply chain management at the national, local levels, in associations, organizations, and coffee production and trading companies.</td>
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<td>2</td>
<td>Enhancing transparency in product origin</td>
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<td>3</td>
<td>Developing value chains in production and trade</td>
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<td>4</td>
<td>Collaboration between VICOPA and relevant partners to establish an open-source database, supporting the Vietnamese coffee industry at the national and EU levels (EUDR/ GHG reduction COP26, Due Diligence Regulations for the supply chain of the Federal Republic of Germany/ Free Trade Agreements)</td>
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<td>5</td>
<td>Enhanced collaboration between Vietnam, the EU, other countries, the Ministry of Agriculture, international organizations, EU, ICO, NGOs, 4C, and domestic coffee roasters and traders in Vietnam</td>
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<td>6</td>
<td>Addressing current EUDR challenges enables the preparation for meeting market requirements from the United States, Japan, China, and other countries in the future.</td>
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<td>EUDR presents an opportunity for sustainable economic, social, and environmental development for the Vietnamese coffee industry.</td>
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VICOFA communicates with all relevant partners: the Ministry of Agriculture (International Cooperation Department, Crop Production Department, Forestry Department, etc.), EU, NGOs, 4C, Domestic and International Corporations, and Local Coffee Production Areas in Vietnam.

Collect and sharing information regarding EU requirements and recommendations from the Ministry of Agriculture for the unified development of rural forest maps between the EU and Vietnam.

**2023 - 2024**

VICOFA collaborates with relevant partners to build a database supporting parallel digital integration (EU regulations on deforestation-free and forest degradation-free supply chains, due diligence for supply chain, GHG emissions reduction regulations, high-quality Vietnamese coffee regulations; FTA).

**2024 - 2025**

Enhancing Human resources & applying Digital Solutions, providing Open-Source Data Services to support the Vietnam's Coffee Industry.
Thank you for your attention!