The Politics of Illegal Logging in Vietnam

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Abstract

This paper examines the politics of “illegal logging” through a case study from Vietnam. The study analyzes national-level forest politics and political economic dynamics on the ground. Its findings suggest that central government efforts to consolidate its authority over forests and public concerns over deforestation lead to the criminalization of much commercial logging, thus providing the grounds for powerful wholesalers and brokers to control the timber trade. These interactions between local political economy and national politics may be a more general dynamic of illegal logging, with important implications for Forest Law Enforcement and Governance (FLEG) initiatives worldwide.

Keywords: Illegal logging, forest politics, political economy, commodity chain analysis, Vietnam, Southeast Asia

Introduction

“Illegal logging” has become a key issue in international forest policy.1 In the late 1990s the volume of illegally harvested logs was reportedly higher than that of legally extracted timber in many Southeast Asian countries (Tacconi et al., 2003). Illegal activities accounted for 80 percent of all logging in the Brazilian Amazon and Bolivia, and occurred in relation to over half of all logging licenses in Cameroon (Contreras-Hermosilla, 2002). Moreover, in the early 2000s governments around the world committed to a series of agreements and action plans, known as Forest Law Enforcement and Governance (FLEG) initiatives, which aim to solve the problem of the widespread failure of forest governance characterized by “illegal logging”, “illegal trade”, and “corruption” (Task Force and Advisory Group, 2003). The International Tropical Timber Council adopted decisions to focus on forest law enforcement at its sessions, echoed by similar calls from the United Nations Forum on Forests and the Sixth Conference of Parties of the Convention on Biological Diversity. Regional Ministerial Meetings convened for Southeast Asia, West Africa, and North Asia and declared combat against illegal activities and forest crimes an urgent priority.

These reports and initiatives raise important questions about the nature of illegal logging, its causes and potential strategies to tackle the issue. Recent studies have suggested conflicting answers to these questions, as different explanatory frameworks have informed them. The frameworks diverge in their treatment of government law, as they take different stances on the legitimacy and suitability of what government laws define as “illegal”. They make varying assumptions about the nature of prevalent forest use practices, in particular the relative significance of small-scale activities versus large concessions. They are also at variance in
identifying underlying causes and driving forces. In addition, the frameworks emphasize different concerns in relation to forests and their use. As a result, they propose different strategies for tackling illegal logging.

In this paper, we distinguish between three explanatory frameworks to explain illegal logging in Vietnam. The first centers on lack of compliance with forest regulations. Illegal practices constitute “criminal acts” (Contreras-Hermosilla, 2002: 10) and are sufficiently isolated and identifiable, such as illegal practices undertaken by large concessionaires. They occur mostly for private economic gain but are further compounded by governance problems of enforcement. Private actors employ illegal practices “when the benefits derived from violating the law [...] exceed the costs of non-compliance” (Tacconi et al., 2003). The cost of non-compliance, in turn, is low because of a “weak state” (Tacconi et al., 2003), “abuse of power” (ibid.), “corruption” (Contreras-Hermosilla, 2002), or the “timber culture” of traditional foresters (FAO, 2001). These illegal practices are a concern because they represent a “major threat to global forest resources” (Contreras-Hermosilla, 2002) and a “threat to global biodiversity” (Laurance, 2004). They also cause the state to lose important financial revenue (Contreras-Hermosilla, 2002; Tacconi et al., 2003). The strategy for tackling illegal logging is legal enforcement, as neatly summarized by Laurance (2004: 400): ratification of international anti-corruption agreements, enactment of suitable legislation, improvement of law enforcement and education of the private sector and civil society. Enforcement may involve the media and NGOs as watchdogs (Contreras-Hermosilla, 2002; Brown and Luttrell, 2004). It may also enlist local communities as those can help “prevent and detect forest problems more reliably, and at lower cost, than the state alone” (Brunner et al., 1999: 2).

The second framework emphasizes the political economic dynamics underlying logging practices. It questions the appropriateness of forest regulations, pointing out that complex regulations make it difficult for local people to comply with them (Richards et al., 2003). In the words of Colchester (2006: 46), “[i]llegal forest use is as much the result of the inappropriateness of the laws themselves, as any tendency of criminality on the part of community members”. The implicit assumption is that timber cutting largely takes the form of small-scale activities undertaken, supported, or tolerated by villagers. Nevertheless, villagers’ activities are part of “a complex economic and political system involving multiple stakeholders” (Casson and Obidzinski, 2002: 2133). Patron-client relations ensnare entrepreneurs, state officials, and villagers, forming powerful networks that cut across the boundary between state and society (McCarthy, 2002b; Wollenberg et al., 2006). The primary concern in this framework is that powerful outsiders and buyers in overseas markets profit the most from illegal activities, drastically limiting the benefits captured by rural people, especially the poor (Casson and Obidzinski, 2002). The appropriate response is not to enforce the law but to empower local people through a rights-based approach, lowering “barriers to legality” for small-scale forest operations (Richards et al., 2003).
and drawing on notions of human and indigenous rights to enhance people’s access to forest and the law (Colchester, 2006).

The third framework does not center on forest use practices but puts the spotlight on the emergence of public and state concerns over illegal logging. In other words, the focus is on the “talk of illegality” and criminalization instead of illegal practice itself, as “actions that result in harm are not intrinsically criminal” (Pendleton 1997: 182). Like the second framework, the third sees forest use as small-scale operations undertaken, supported, or tolerated by villagers and often connected with the corrupt practices of local state officials. Yet in contrast to the second, this framework focuses on shake-ups in the relations of authority among politico-legal institutions. The causes of the increased public and state attention to illegal logging relate to democratization and decentralization trends and the promotion of rule by law and rights-based approaches (Casson and Obidzinski, 2002; Smith et al., 2003). For example, when key government powers are decentralized, central governments struggle to assert their authority over rural areas in general, and forests in particular (Smith et al., 2003). Local governments, in turn, actively embrace their new powers and seek to increase them in order to consolidate their control over valuable resources and generate economic rents for local budgets and officials (Casson and Obidzinski, 2002; McCarthy, 2002a). The main concern in this framework, therefore, primarily lies with the exercise of authority and legitimate relations of authority over forests. Correspondingly, efforts to tackle illegal logging seek to modify authority relations, offering support to either central governments (Smith et al., 2003), local governments (Casson and Obidzinski, 2002), or customary institutions (Colchester, 2006).

This paper explores the analytical power of the three explanatory frameworks and their implications for forest policy by looking at illegal logging in Vietnam. We seek to derive insights into the dynamics of illegal logging by combining in-depth analysis of political economic dynamics at the local level with attention to national policy and politics in Vietnam. The examination of national forest policy and politics locates the recent concern over illegal logging in relation to broader changes in the exercise of authority over forests and rural people. The in-depth analysis of a particular commodity chain in northern Vietnam traces logs from their point of extraction by upland villagers to wholesalers in the Red River Delta near Hanoi, the capital city, and undertakes a commodity chain analysis, as outlined in Ribot (1998), in order to unearth the political economic dynamics surrounding illegal operations on the ground.

The paper argues that the rise of illegal logging in Vietnam and beyond may have as much to do with local-level political economic dynamics as forest politics at the national level. These interactions between local struggles over forest use and national-level contestations over authority, we surmise, may be a more general
dynamic of illegal logging – despite the particularities of Vietnam and our focus on a case characterized by small-scale operations undertaken by villagers. We argue that the criminalization of much commercial logging provides the grounds for wholesalers and powerful brokers to control the timber trade. The criminalization has resulted from efforts by central government to consolidate its authority over forests in the wake of radical policy reforms as well as public concern over deforestation. We turn first to criminalization and national forest politics in the following empirical analysis.

Forest policy and politics in Vietnam

Policy: Allocating forestland and “closing the forest gates”

Vietnam’s forest policy underwent radical changes in the 1990s. From the 1960s to the 1980s, forests were under direct state management (Sikor, 1998; Nguyen et al., 2001). The central government and provincial authorities established State Forest Enterprises to handle forest operations. The Enterprises cut trees, processed them, and shipped the logs according to quotas assigned to them by central and provincial forest agencies. They extracted timber primarily to supply national construction requirements and to generate foreign exchange earnings.

The 1990s saw a rapid flurry of new laws and directives in the forestry sector. Policy reforms began with the Forestry Sector Review, conducted under the Tropical Forestry Action program assisted by the United Nations Development Program (UNDP) and the World Conservation Union (IUCN), which resulted in the 1991 Forest Protection and Development Law. The impetus for the reforms came from much broader changes in Vietnamese government policy, however. In the late 1980s, the government had responded to the deterioration of living standards and local-level changes in economic practices by implementing an ambitious program of “economic renovation” (doi moi) (Fforde and de Vylder, 1996). The program radically altered the way central government wanted to exercise authority over rural areas, among other things. A key element in the new approach to rural areas was the 1993 Land Law, which substantially widened the bundles of rights accorded to landholders (Sikor, 2004).

The changes to forest policy comprised three broad areas. First, the central government mandated the allocation of forestland previously managed by the state to households, public organizations and state units in 1994. This devolution not only put households on the same legal footing as the powerful State Forest Enterprises, but was also expected to make the Enterprises more independent of the state in their operation. The new landholders received “land use right certificates” which entitled them to use forestland for 50 years for production purposes. By the end of 2006, the government had transferred 30 percent of all forestland in Vietnam to households and local associations. State units such as management boards, State Forest
Enterprises and local authorities held certificates to the remaining 70 percent (Forest Protection Department, 2007). At the same time, the central government gradually strengthened the capacity of the Forest Protection Department, known as *kiem lam* in Vietnam, to oversee forest managers. The national Forest Protection Department operated offices at provincial and district levels. Its primary mandate was to enforce compliance with government forest regulations.

Second, the reforms replaced the narrow focus on timber production with a new commitment to multi-purpose forestry and sustainable forest management. From then on, the objectives of forest management included protecting critical watersheds and conserving nature in addition to supplying timber. This diversification was a response to the deforestation and forest degradation of the past. It also reflected the increasing significance of hydropower as a source of energy and the new influence of international conservation organizations (Sikor, 2001; Zingerli, 2005). In fact, the Ministry of Forestry stated in 1991 that “the most important key issue in Vietnam is protection” (Ministry of Forestry 1991: 91). It banned timber exploitation in a large share of the country’s forest in 1993, a move it called “closing the forest gates”. By the late 1990s, central government had extended the logging ban to 4.8 million hectares, more than half of the country’s natural forest (FAO 2001: 10).

Third, the distribution of authority over forests proved highly contentious in the 1990s as provincial governments increasingly asserted claims to forests. These claims caused the central government to issue Decision 245 on decentralization in the forestry sector in 1998, defining the powers and responsibilities of the Ministry of Agriculture and Rural Development and provincial governments. Nevertheless, contestations about authority over forests continued. For example, provincial governments took significant liberties in implementing the national guidelines on forestland allocation. In the late 1990s, Dak Lak province started to allocate natural forest to households despite strong reservations on the part of the Ministry (Sikor et al., 2005). In 2001, Son La province allocated a large share of its provincial natural forest to households and communities in a massive campaign before a revised Forest Law provided for such a possibility (Nguyen, 2003).

Devolution, the shift to multi-purpose forestry and decentralization implied a massive challenge to central government with respect to its authority over forests. The Ministry of Agriculture and Rural Development now had to deal with numerous smallholders and increasingly independent State Forest Enterprises as forest managers. It had to work with provincial governments that were increasingly assertive of their interests and powers. Moreover, it could no longer rely on production quotas as its main instrument for controlling forest managers and lower-level state units.
In reaction, the central government sought to consolidate its authority over forest on a new basis. First, it created an elaborate legal framework of what was not allowable in forest management. For example, a decree issued in 1992 published a long list of fines applicable to the extraction and transportation of different kinds and amounts of wood without the required permits. Second, it expanded the powers and capacities of the Forest Protection Department to enforce the legal framework. For example, a decision by the Deputy Prime Minister in 1997 urged *kiem lam* and police forces to “check and arrest individuals and organizations caught destroying forest”. Third, the central government increasingly provided financial incentives to forest managers and provincial authorities as a means of influencing their actions. Most prominently, it announced the “Five Million Hectare Program” in 1998, through which it aimed at raising Vietnam’s forest cover from 30 to 43 per cent, channelling a large share of central government funds for rural areas into tree planting and forest protection.

**Politics: the lam tac (forest hijackers)**

The central government resorted to directive measures to assert its authority over Vietnam’s forests as it felt uneasy about its ability to exercise control over forest use at the local level. Already in 1995 it had revoked the previous year’s call to allocate natural forest to households, instead calling upon State Forest Enterprises to make short-term protection contracts with households (Sikor, 2001). This severely limited the ability of villagers to harvest timber legally. Moreover, it sought to tighten controls over the timber trade. In 1992, the Ministry of Forestry stopped granting new export permits and withdrew those already granted for roundwood and lumber. In 1993, central government mandated the establishment of thousands of checkpoints spanning Vietnam’s major roads. In addition, it developed the Forest Protection Department into a police-like agency under central control, giving it independent status from the Ministry of Forestry in 1994, and removed provincial *kiem lam* agencies from the Departments of Agriculture and Rural Development, strengthening central control over provincial and district units. Therefore, by the late-1990s most of the logging taking place in Vietnam had been declared illegal, and a police-like force was in place to prevent it.

Despite the ban, logging was widespread in the late 1990s, even though much of it was illegal. The Asian Development Bank estimated in 2000 that illegal extraction accounted for 70 percent of the total log supply in Vietnam (Asian Development Bank, 2000 cited in McElwee, 2004). The *kiem lam* uncovered more than 400,000 violations of forest regulations between 1992 and 1997 (Forest Protection Department, 1998 cited by McElwee, 2004). Illegal activities were endemic, the Forest Protection Department argued, because it did not have the capacity to enforce forest regulations. The head of the national *kiem lam* noted that “Our force is very thin, missing people, and weak […], and our equipment is poor” (Forest Protection
Moreover, the *kiem lam* saw itself confronting logging crews and traders who did not hesitate to use violence against field officers. Vietnam’s daily newspapers repeatedly reported conflicts in which forest protection officers were injured.  

These newspaper reports illustrate how illegal logging became the concern of the general Vietnamese public. The average Vietnamese began to view illegal activities as the main culprit in deforestation rather than the rotational cultivation practices of ethnic minority people, which had been the conventional perception. Vietnam’s national media sent out reporters to hunt for stories on illegal practices. Together with the *kiem lam* they even coined a new term to refer to illegal loggers – *lam tac*, which translates literally as “forest hijackers”. In contrast, *kiem lam* officers fared well in the media, as they conducted a “fight for all […], for with the country despoiled then there’s no country for tomorrow” (Thanh Long, 2000 cited in McElwee, 2004). In a program on national television, a local *kiem lam* officer was portrayed as a “forest queen”, ready to give her life to protect the forest (Hoang, 2007).

Yet the press also detected that many *lam tac* collaborated with local government officials, among them *kiem lam* staff. One of the most widely discussed cases occurred in Tanh Linh district in the southern province of Binh Thuan between 1993 and 1995, when local state officials oversaw the illegal extraction of 53,000 m³ of trees in protected forests for a total value of more than USD 1.5 million. The logging became public years later only after a retired government official had written 74 reports to Hanoi. The case resulted in court proceedings against 36 people, including 29 state officials at the district and provincial levels. The chairman of the provincial People’s Committee was forced out of office in the wake of the scandal (VNS, 1999a cited in McElwee, 2004).

This case illustrates two important points about the politics of illegal logging in Vietnam. First, the attention given to illegal activities involving government officials was so massive because it connected with public outrage over corruption in other sectors. In the late 1990s, a series of corruption scandals exposed the complicity of state officials in illegal business dealings (Gainsborough, 2003). Corruption was widely perceived as the main culprit in undesirable developments associated with the commercialization of Vietnam’s economy such as the growing inequality between rich and poor. The public expected the government to prosecute corruptive practices as a way of reinstalling some of the moral order that had been lost with *doi moi* (Luong, 2007). Accordingly, the media portrayed the loggers as *lam tac*, that is “forest hijackers”, the term carrying the implication that forest was national heritage. Much of the public outcry about illegal logging, therefore, originated from a more general disapproval of government officials’ predatory practices.
Second, illegal logging provided a template against which “good government” could be constructed by central government. The attention to illegal operations ignored or assisted by local state officials helped to strengthen the legitimacy of central government concerns over forest. Illegal logging thus served the efforts of central government to assert its authority over rural areas more generally. This became most apparent when the Prime Minister issued a decree in March 2006 that made provincial leaders personally responsible for illegal operations in their provinces.

A khao timber commodity chain in northern Vietnam

Thus the Vietnamese government had declared much of commercial logging illegal by the late 1990s. This logging ban exerted a direct influence on the political economic dynamics of logging operations on the ground, as we show in the following case study from the northern uplands. Our inquiry takes the form of a commodity chain analysis, as laid out in Ribot (1998). We investigate the social actors involved in the chain, the distribution of benefits and risks among them, and the mechanisms by which they gain benefits from logs and control their distribution. In this way, we demonstrate how the logging ban shaped the political economy of logging on the ground, providing the basis on which some actors could not only become involved in the timber trade but also reap significant financial gains from it.

Background

The village of Ban Chanh is located at the end of a small road connecting the commune of Tan Da with the district town of Bac Minh district, the provincial township of Hoa Binh, and eventually Hanoi (see Figure 1). Its inhabitants belong to the Dao, an ethnic group accounting for some 621,000 people in Vietnam in 1999 (General Statistics Office, 2007). A few Dao households founded the village in 1958 when they moved into the upper watershed of a small tributary to the Da river. By 2004, the village population had grown to 247 people living in 50 households. They were primarily engaged in subsistence-oriented agriculture, growing rice in the valley and cassava and corn on the slopes. Life was not easy for them, as they typically ran out of rice between two and four months a year.

The villagers of Ban Chanh had long used the forest above their village for subsistence purposes. They had cleared forest for the rotational cultivation of agricultural crops and extracted timber, fuelwood and other products from it. Over time, secondary regrowth had replaced primary forest, and the people had removed the most valuable trees. Their right to use of the forest found recognition by the surrounding villages, including the Muong villagers in Cuu village, located about five km away on the other side of the forest. The Muong from Cuu maintained a good relationship with the Dao of Ban Chanh, accepting their control over the forest.
The *kiem lam* station of Bac Minh district also recognized villagers’ control over the forest, although it possessed legal authority over the forest. Its officers implemented forestland allocation in 1995, assigning individual forestland parcels to all households. The *kiem lam* was also in charge of enforcing the protection of the forest after the provincial authorities declared the area a highly critical watershed in 2001. Yet enforcement was lacking in practice, as forest protection officers rarely went up to Ban Chanh and never walked the slopes to inspect the forest from close to. Villagers continued to work their fields in the forest wherever they considered it suitable, ignoring the 1995 allocations. They even began to cut timber for sale, selecting *khao* (*phoebe pallida nees*) trees because there was a demand for them.

One of the places that timber was sold was Huu Bang, a commune located in Thach That district of Ha Tay province, about 100 km from Ban Chanh (see Figure 1). As Hanoi was a mere 20 km away, the people of Huu Bang benefited from the rapid increase in the urban demand for construction wood and furniture in the 1990s. The commune became home to a strong market for logs brought from various regions of Vietnam, Laos, and Cambodia and a large number of furniture workshops supplying consumers in Hanoi and the Red River Delta. Some 80 percent of all households living in the commune specialized in furniture-making, as revealed by our market survey.

**Actors**

In 2004, many people participated in the *khao* timber commodity chain emanating from Ban Chanh. These included villagers, Muong woodcutters, a trader/transporter, wholesalers/processors, various kinds of local state officials and two “lawmakers” (see Figure 2).
Villagers: Small groups of villagers cut khao trees from the forest above Ban Chanh in small groups using hand-operated saws. Almost all healthy men between age 15 and 60 took part in cutting trees. After sawing the trees into large planks, the men used water buffaloes to haul the planks back to their village, sometimes with the help of their wives or mothers. Back in the village, they kept the logs hidden from commune officials and forest protection officers.

Muong woodcutters: Strong young Muong men from a nearby village, between 20 and 40 years old, were hired by the villagers as woodcutters to help with the cutting and sawing, which required at least two strong men working together.

Trader/transporter: Villagers sold the timber to a trader, Anh Nga. Anh Nga was a resident of the district town, where he owned a big house. He had built another small house near the main road in Ban Chanh, from which to buy timber from the villagers and sell them essential goods and agricultural inputs. Anh Nga owned two
trucks which he used to transport *khao* logs to the lowland market in Huu Bang commune (see Figure 1). There he sold the logs to some wholesalers.\textsuperscript{15}

**Wholesalers/processors:** There were about 30 wholesalers in Huu Bang commune, many of which also processed logs in small sawmills. Anh Nga sold his logs to some of these. They purchased timber not only from across northern and central Vietnam but also from Laos and Cambodia. They sold processed and unprocessed logs to furniture workshops and retailers in the commune, surrounding villages, and Hanoi.

**Local government officials:** As Anh Nga transported *khao* logs from Ban Chanh to Huu Bang, his trucks had to pass a series of inspections and checkpoints (see Figure 2). The inspections began right in the village, where the village and commune chairmen, the commune security officer and the local forest officer had the mandate to verify the origins of the wood for transportation and trade. After leaving the village, the trucks typically passed through four checkpoints run by different agencies of Bac Minh district: *kiem lam*, public security forces, traffic police, and the tax division. Reaching the provincial township of Hoa Binh, the trucks had to maneuver their way through another series of fixed and mobile checkpoints, including some established by the provincial government (*kiem lam* and the police concerned with economic affairs, special affairs, and traffic regulation) and others under the mandate of the township government (*kiem lam*, traffic police, and the economic affairs department). Leaving the township, the trucks still had to pass through two districts in Hoa Binh province and another two in Ha Tay province before they reached Huu Bang (see Figure 1). In each district, the trucks had to deal with a fixed and a mobile checkpoint run by the district public security forces and *kiem lam*. The trucks, therefore, maneuvered their way through a long series of checkpoints, each managed by three or four people. Anh Nga estimated that in 2004 he had to lubricate a truck’s journey by paying off an average of 23 officials.

**Lawmakers:** Two “lawmakers” (*lam luat* in Vietnamese), took care of most of the bribery, contacting the relevant government officials over the phone, visiting them at their homes, or meeting them at secret places. One lawmaker, Anh Mot, lived in the provincial township of Hoa Binh, the other one, Anh Hai, in the provincial township of Ha Tay. Both had fathers serving in high-ranking positions in provincial government. The lawmakers made sure that the trucks loaded with illegal logs were not stopped at any checkpoint. It was not uncommon for them to arrange safe passage for a dozen trucks driving in convoy. Like many other traders, Anh Nga employed the lawmakers’ services to get his logs to Huu Bang, working with Anh Mot to smooth things in Hoa Binh province and with Anh Hai to do the same in Ha Tay province. Anh Nga had to pay “service fees” to them in return.

The *khao* commodity chain emanating from Ban Chanh thus included a long series of actors. Physical *khao* log transactions involved villagers in Ban Chanh, Muong
woodcutters from a nearby village, the trader/transporter and a number of wholesalers/processors. Yet these were embedded in a wider network of political economic transactions, bringing in a variety of local government officials and two lawmakers. All these actors participated in the *khao* timber trade, yet not on equal terms, as the next section shows.

**Distribution of benefits and risks among actors**

The actors involved in the *khao* commodity chain derived different benefits and faced different risks. If one looks at income only, it appears that three groups benefited from the timber more or less equally: villagers and Muong woodcutters; the trader and wholesalers; and local government officials and lawmakers (see Figure 3). Yet if one also considers the number of people in each group, the required labor input and risks incurred, it becomes clear that the distribution of benefits was highly skewed in favor of the lawmakers, wholesalers, and local government officials (see Table 1).

![Figure 3. Distribution of total income among actors](image)

**Villagers** derived the smallest cash income from *khao* timber although they worked more than any of the other. The average return for a day’s labor by a villager on timber logging was a mere 29,000 VND, or about 1.80 USD. Moreover, villagers incurred the risk of physical injury when cutting, sawing, and hauling logs, and there was the danger that forest protection officers would detect logs kept in the village. None of them had ever been fined, although there was always the threat of fines. Some of them had had their logs confiscated by *kiem lam* officers. However, income from *khao* extraction made an important contribution to villagers’ livelihoods. A random survey of village households conducted by us in 2004 revealed that on average they derived 60 per cent of their total cash income from
timber, including *khao*. In the village, timber income was the most important source of cash.

Table 1: Distribution of risks, expenses, and cash benefits among social actors

<table>
<thead>
<tr>
<th>Social Risks</th>
<th>Labor Expenses</th>
<th>Cash Expenses</th>
<th>Cash Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Village woodcutters</td>
<td>Fines, physical injury (debts)</td>
<td>120 labor days</td>
<td>2.4 million VND for hiring Muong woodcutters; 0.15 million VND for buffalo rental</td>
</tr>
<tr>
<td>Migrant woodcutters</td>
<td>Physical injury</td>
<td>48 labor days</td>
<td>None</td>
</tr>
<tr>
<td>Trader/transporter</td>
<td>High risk of detection; legal prosecution</td>
<td>1 night for transport, 3-4 days for preparation</td>
<td>6 million VND for purchase of timber; 0.4 million VND for loading; 7.5 million VND for bribes; 1.2 million VND for gasoline. Total expenses: 15.1 million VND</td>
</tr>
<tr>
<td>Wholesaler</td>
<td>Checks on origin of logs by various government agencies</td>
<td>3-5 days to sell timber</td>
<td>16.8 million VND for purchase of timber; 50,000 VND for bribes. Total expenses: 16.85 million VND</td>
</tr>
<tr>
<td>Local government officials</td>
<td>Detection and punishment</td>
<td>None</td>
<td>No financial expense involved</td>
</tr>
<tr>
<td>Lawmakers</td>
<td>Detection and punishment</td>
<td>Some, but difficult to attribute to particular load</td>
<td>2.5 million VND for bribes</td>
</tr>
</tbody>
</table>

**Note:** The calculations are made for a truckload of six cubic meters of *khao* timber. One US dollar is equivalent to about 16,000 Vietnam Dong (VND). We use the term “income” to refer to gross margins, which are the difference between gross revenues and all variable costs excluding household labor. For a complete calculation of income, we would need to subtract the costs of household labor and capital depreciation.
In Ban Chanh, the benefits derived from khao varied significantly among households. Households with several adult laborers and which owned a water buffalo benefited more than those with only one adult laborer and/or no buffalo. Some of the latter kind had even fallen into debt after hiring Muong woodcutters and buffaloes to cut and haul timber. Their earnings turned out not to cover their expenses and repayment of loans they had initially taken out to finance their logging activities.

*Muong woodcutters* received a small share of the overall income. Yet on average they achieved significant returns for their labor, as villagers paid them 50,000 VND (3.30 USD) per day of work. Like the villagers, they faced the risk of physical injury. The likelihood that forest protection officers would detect and fine them was low, however, as they did not bring logs home.

Anh Nga, the *trader* cum *transporter*, captured a smaller share of the overall income, yet he worked alone and expended less labor than villagers and migrant woodcutters (see Table 1). In addition, he purchased timber not only in Ban Chanh but also in surrounding areas, the benefits of which are not included in Table 1. At the same time, he incurred a significant risk of detection and legal prosecution in his business, as the transport of timber was easy for local government officials to detect. If caught, he was subject to significant legal fines and was in danger of losing not only the timber but also his trucks and license for trading and transporting timber. This almost happened at the end of 2004, when public security police in Bac Minh district stopped his trucks loaded with illegal timber. The police detained the trucks for a month, during which he could not continue his business. The police eventually issued a fine of 60 million VND (3,750 USD) and confiscated all the logs.

*Wholesalers* were significantly better off than Anh Nga; their share of the total income was twice the size of his. In addition, wholesalers received timber from locations across Vietnam, Laos, and Cambodia. Furthermore, the risk of detection by law enforcement agencies was much lower for wholesalers than the trader, as reflected in the relatively small amount of money the former spent on bribes. Local government agencies occasionally checked the origins of their logs, but this was much less threatening than the many checkpoints Anh Nga had to pass through on his way from Ban Chanh to Huu Bang.

*Local government officials*, taken together as a group, got the biggest piece of the pie. Each official received 285,000 VND on average; the same amount of money that a Muong woodcutter earned in six days, a villager in ten days of hard physical work, and an early-career government official in half a month. This led Anh Nga to comment: “As you know that the price down there [in Huu Bang] is twice the price it is here, you may think that I am very rich. In fact, almost all benefits are spread on the road”. By the latter he referred to the fact that about one third of total income accrued went to the local government officials managing checkpoints along the road.
from Ban Chanh to Huu Bang. Yet officials from different state agencies did not benefit equally from the *khao* logs. Forest protection officers received the biggest bribes, followed by traffic police officers. Cadres in other agencies, such as the tax and economic affairs departments, received smaller amounts and were paid off less often. Officials at village and commune levels benefited least, as the trader often bypassed them.

The officials faced a risk of detection, although this was low. They took care to arrange their dealings with the trader and lawmakers at secret places and in covert ways. Nonetheless a slight risk of detection remained, as illustrated by an event in late 2004. The head of the district *kiem lam* and some of his staff stopped a truck transporting ornamental trees extracted from a protected forest. When they asked the driver for a bribe, he pushed the recording button of his mobile phone secretly. The driver thus managed to tape his negotiations with the district head. After the incident the driver used the evidence to report the district head and his staff to the law enforcement officers, which eventually resulted in the transfer of the district head to another district and punishment of the staff involved. None of them were demoted from the *kiem lam*.

The lawmakers received the smallest share, yet only had to divide it between the two of them. This meant that their income (equivalent to 31 US$) was almost double the average payment to a local government official. In addition, the lawmakers gained from many other timber transports passing through from other areas. They incurred some risk of detection, but neither had ever been reported or prosecuted, to our knowledge.

The benefits from the *khao* logs, therefore, were distributed unevenly along the commodity chain. Villagers benefited the least and Muong woodcutters fared only marginally better. Various kinds of local government officials received more than a third of the total income, if one lumps them together in a group. The two lawmakers and the wholesalers benefited most. Both derived significant income from *khao* logs and incurred only minor risks. Why this was so is the subject of the following sections.

**Access and control: Villagers and Muong woodcutters**

Villagers exerted direct control over access to the forest above Ban Chanh (see Table 2). They successfully claimed control of the use of the forest surrounding their village, although forest regulations accorded this to the Forest Protection Department. Yet the *kiem lam* did not even try to stop villagers from cutting down trees. Villagers commonly observed that the officers “never come down to the village to check for logging. They don’t care about us poor villagers, but about the trader”.
Moreover, villagers in Ban Chanh were free to cut khao trees in the forest wherever they wanted, regardless of their allocation to individual households in 1995.

Nevertheless, villagers’ ability to exercise their right to timber trees depended on their access to labor and draft power. Labor was important because the cutting, sawing, and transporting of logs required the participation of healthy adult men. If households did not include these, they had to hire Muong woodcutters at significant cost, team up with other villagers, or work for them themselves at a relatively low daily rate (20-25,000 VND). A water buffalo was important because it provided the draft power needed to haul logs from the forest back to the village. Households without a buffalo had to hire one from a household which owned several, or team up with these or work for one. Access to timber, therefore, was most beneficial when households included a number of strong men and possessed a water buffalo. It was less profitable for households that lacked either. Some households that lacked both did not benefit at all.

Muong living in the neighboring village did not have direct access to the forest surrounding Ban Chanh. Villagers refused outsiders the right to cut timber from Ban Chanh’s forest, bolstering the exclusion by reference to their customary rights to the forest as well as the legal titles conferred on them by the state in the 1995 allocation. As a result, the Muong could not engage in logging on their own account, even though they possessed sufficient labor and water buffaloes. They had to work for villagers as hired labor, or team up with them. Individual woodcutters, therefore, had developed long-term relationships with villagers as a strategy to maintain their access to the timber. This was also advantageous for villagers, as they valued the Muong’s technical skills and physical strength.

**Access and control: The trader and wholesalers**

Anh Nga, the trader, derived his benefits from khao timber logging by virtue of two factors. First, he controlled the purchase of timber, including khao from Ban Chanh. He was the only person living in the village offering to purchase logs. In addition, he had developed close relations with villagers to ensure a steady supply of logs. Anh Nga sold rice, salt, fertilizers, and other essentials to the villagers. He let them buy on credit when needed, and allowed them to run up debts for one or two years, asking them to repay their loans in logs instead of cash. The trader also entertained villagers at his house, showing movies on his color TV and inviting people for tea. In this way Anh Nga acquired a positive reputation with villagers, motivating them to sell their logs to him and to ignore occasional offers made by outsiders coming to Ban Chanh in search of timber.
Table 2: Mapping access to timber along the commodity chain

<table>
<thead>
<tr>
<th>Mechanisms of access</th>
<th>Mechanism of access control and maintenance</th>
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<td>Customary regulations, threat of social sanctions</td>
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<tr>
<td>Access to labor and draft power</td>
<td>Household labor capacity and buffalo ownership</td>
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<td>Labor and buffalo hire</td>
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<td>Social ties with other villagers</td>
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<td><strong>Muong woodcutters</strong></td>
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<tr>
<td>Access to villagers</td>
<td>Social ties with villagers</td>
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<td><strong>Trader/transporter</strong></td>
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<tr>
<td>Control of timber supply</td>
<td>Social ties with villagers</td>
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<tr>
<td>Access to timber market</td>
<td>Credit arrangements with traders</td>
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<tr>
<td></td>
<td>Ownerships of trucks</td>
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<td></td>
<td>Social ties with wholesaler</td>
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<td></td>
<td>Social ties with local officials</td>
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<td></td>
<td>Social ties with lawmakers</td>
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<td>Risk bearing</td>
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<td>Control over market information</td>
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<td>Leverage over price paid to villagers</td>
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<td></td>
<td>Control over timber supply (see above)</td>
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<td></td>
<td>Access to timber market (see above)</td>
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<tr>
<td><strong>Wholesalers</strong></td>
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<td>Control over access to distribution network</td>
<td>Knowledge of demand</td>
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<td>Access to capital</td>
<td>Social ties with retailers and carpenters</td>
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<td></td>
<td>Credit arrangements with traders</td>
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<td></td>
<td>Leverage over price paid to traders</td>
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<tr>
<td><strong>Local officials</strong></td>
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<tr>
<td>Leverage over timber trade</td>
<td>Permits and licenses</td>
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<td>Threat of fines and legal prosecution</td>
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<td>Mobile and fixed check points</td>
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<td><strong>Lawmakers</strong></td>
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<td>Control over access to local government officials</td>
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<td>Social ties with local government officials</td>
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<td></td>
<td>Formal work relations with other officials</td>
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<td></td>
<td>Suppression of competitors</td>
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Second, Anh Nga maintained access to the timber market. He had purchased two trucks for transporting timber so he did not have to depend on the services of others. He also maintained strong social ties with particular wholesalers in Huu Bang market, in the lowlands. When he made a deal with them, the wholesalers sometimes advanced cash to him if he needed it to purchase logs. Just as important were his close relations with a large number of local government officials, which
allowed him to obtain a permit for timber trading and reduce the risk of detection and punishment. Anh Nga had invested a lot in building long-term relationships with these local officials at district and provincial levels, including the two lawmakers. He paid them off every time he transported timber and brought them special “gifts” – usually envelopes stuffed with cash – on special occasions such as New Year and Independence Day. In Ban Chanh, he often hosted the kiem lam officers coming to the village at his house, becoming good friends with them over time.

These two strategies allowed Anh Nga to exert leverage over the price he paid villagers for the logs. He was the only trader to whom villagers sold their logs, and he maintained the required access to the timber market. In addition, villagers simply lacked enough knowledge of the timber market to enable them to turn to other traders or negotiate a better price. Anh Nga, in consequence, was able to purchase the logs at a price favorable to himself.

The wholesalers derived their benefits from khao timber due to their control over access to the distribution network of retailers and carpenters and their access to capital. Wholesalers controlled access to the distribution network through their knowledge of the downstream market for timber. They had also developed good relationships with many retailers and carpenters, and sold them timber on credit if needed. In addition, they maintained good connections with officials from the kiem lam and the market management and tax collection departments at the district and provincial levels. They visited the officials on a regular basis to chat and deliver “gifts”. They also paid the officials that showed up in their stores or warehouses.

A second pillar of the wholesalers’ favorable position in the khao commodity chain was their access to capital. In 2004, all wholesalers owned significant physical assets such as stores and warehouses. Some even operated small sawmills. Occasionally they advanced money to local traders or let retailers buy on credit. Therefore they commanded significant capital. They had accumulated most of the capital over several years in the course of their operations. Most importantly, wholesalers colluded with each other in fixing the price paid for logs. This granted them leverage over the price paid to local traders, raising their profits in the business.

**Access and control: Local government officials and lawmakers**

Local government officials derived their significant share of the overall net income (see Figure 3) from their leverage over the timber trade. This leverage was the result of not only the official mandate conferred by their positions (such as power to grant or deny a logging permit or to detain a truck and confiscate logs transported without a permit), but also the unofficial powers associated with such positions (such as the power to notice or ignore illegal practices). Officials commonly asked for and
received bribes when issuing any of the numerous permits and licenses required by forest regulations. In addition, they expected traders, transporters, and wholesalers to pay them to turn a blind eye to their operations – not even bothering to ask whether these would be considered legal or illegal by the letter of the law. If the former failed to deliver the expected payments they would face the threat of hefty fines and legal prosecution, as illustrated by the experience of Anh Nga discussed above. Local government officials were also used to receiving visits and money to facilitate timber transportation from the two lawmakers.16

The officials did not benefit equally from the khao timber trade. Their gain corresponded with the power conferred on them by their official position and their capacity to exercise these in practice. Kiem lam officers were mandated to stop a truck at any time if they suspected it of carrying timber, to fine transporters caught without a permit, and to confiscate both. They also had the means to enforce their mandates, as they possessed the necessary staff and equipment. As a result, kiem lam officers tended to receive larger bribes than their colleagues in other departments. Anh Nga could not avoid paying the kiem lam, as he explained: “I cannot bypass them, as doing so would risk heavy fines from them [...]. To maintain my business in the long run, it’s better that I pay, even if they don’t stop me.” Second to kiem lam was the traffic police, which also operated mobile checkpoints along the road but could only stop a truck if its load exceeded the maximum allowable weight. Anh Nga only had to pay them if they actually stopped his trucks on the way to Huu Bang. He got away without paying if he did not encounter a checkpoint on the road. In contrast, village and commune officials made surprisingly little money from the timber logging, although they witnessed it right in front of their doors. They did not possess official powers to detain trucks, confiscate timber, or fine transporters without permits, as they had to transfer all cases to the district kiem lam.

In addition, higher-ranking officials seemed to make more money from the timber trade than those working in lower positions. A significant share of bribes received by regular staff eventually made its way up to their superiors. High-ranking officials commonly received “gifts” from their staff on several occasions a year. In addition, regular officials had had to bribe those responsible for recruitment with a significant amount of money to get into their jobs initially. The bribe required to secure a lucrative job was significant, going into thousands of USD.17

The lawmakers, finally, benefited from the khao timber trade by controlling access to local government officials. Both lawmakers were able to offer these brokering services, mainly because their fathers served in high-ranking positions in the administrations of Hoa Binh and Ha Tay provinces. Anh Mot and Anh Hai had used their kinship relations and expended significant effort and money to develop stable relationships with a wide range of local government officials, providing them with the necessary network to arrange timber deals and safety nets in case something
went wrong. In addition, they took advantage of their formal positions in the provincial administrations to ease communication with officials at district and commune levels. Furthermore, both Anh Mot and Anh Hai had, over time, claimed the timber trade as their particular “territory”, within which they monopolized control over access to the officials involved. Anh Nga, the trader, had no choice but enlist their services in making the transport of logs from Ban Chanh to Huu Bang possible. This control allowed the lawmakers to derive the greatest benefit from the timber trade of all the actors, as noted above.

In sum, the logging ban played directly into the hands of the wholesalers, the two lawmakers, various government officials, and the trader/transporter. The criminalization of much commercial logging effectively created the basis for the wholesalers and the lawmakers to control the timber trade. The wholesalers dominated the trade by virtue of their access to capital, as the criminalization made it impossible for other actors to apply for bank loans to raise the capital needed to participate in the timber trade. The ban was also what made the service offered by the two lawmakers so valuable, as they had power over access to the local government officials who furnished the required permits and conducted their enforcement. Besides the wholesaler and lawmakers, the ban also benefited various government officials and the trader/transporter. The officials received payments which added significantly to their salaries, and the trader was able to monopolize the local timber trade. In stark contrast, the ban not only made it impossible for villagers to derive significant benefit from their direct control over forest access but also created the basis for highly unequal relationships with the trader/transporter and local government officials. In short, it was much more the ban than anything else that drove the illegal timber extraction and trade.

Conclusions: the dynamics of illegal logging and implications for policy

These empirical insights suggest that illegal logging in Vietnam has as much to do with the operation of political economic networks on the ground as central government concerns over the exercise of authority. In other words, the lam tac are as present and active at the local level (as real people) as on the national agenda (as an image). Local lam tac networks involve a variety of actors, inside and outside the state, who benefit unevenly from the timber trade. Wholesalers and high-level powerbrokers benefit the most from logging as the ban allows them to control the timber trade. The criminalization of commercial logging, therefore, has provided the grounds for the operation of powerful networks at the local level. It has resulted from efforts by the central government to assert its authority over forests in the wake of Vietnam’s forest reforms, combined with public concerns over deforestation and corruption.
These insights from Vietnam indicate the utility of combining the second and third explanatory frameworks discussed at the beginning of the paper in order to understand illegal logging in a setting characterized by small-scale activities and contested authority over forest. The focus in the first framework, on non-compliance with forest regulations, does not explain the social dynamics underlying illegal logging at both local and national levels. Locally, many actors engage in illegal activities, but they do so on very different grounds and derive very different benefits. Even more problematic is the lack of attention to the politics and premises informing government definitions of “illegality”.

The second framework helps in analyzing the political economy of actual forest use, including its effects on the distribution of benefits among a variety of actors and ways by which some of the actors control logging activities. The political economic dynamics are likely to include patron-client relations between wholesalers and local traders (Casson and Obdzinski, 2002), the cooptation of customary leaders (McCarthy, 2002b), and enrollment of villagers (Colchester, 2006). They typically involve close connections between private entrepreneurs and local governments, as the entrepreneurs may sit in elected local assemblies (McCarthy, 2002a), exert political pressure on elected local government officials (Wollenberg et al., 2006) or help the officials establish themselves as local patrons in other ways (McCarthy, 2002b). An important element, therefore, is corruption in its many guises (McElwee, 2004), including the upward movement of bribes received by regular law enforcement officers to their superiors (McCarthy, 2002b). A significant actor not present in our case is the military, which tends to command the labor, equipment, and political connections required for illegal operations (Casson and Obdzinski, 2002; McElwee, 2004).

Yet our understanding of illegal logging would remain incomplete without attention to the criminalization of some forest uses occurring at the national level. Public and central government concerns over forest use arise not only in reaction to developments on the ground but also in response to other factors going much beyond forest use and forest policy (Pendleton, 1997). Central governments may tighten forest regulations and enact logging bans because they fear losing control over forest use in particular and rural people more generally (Smith et al., 2003). These fears may be nurtured by increasingly assertive local governments, which may interpret the powers received under decentralization programs more widely than the national government (Casson and Obidzinski, 2002). They may result in the use of relatively drastic policy measures such as logging bans without much explicit justification (cf. Brown et al., 2001). Moreover, they may encourage central governments to discuss illegal logging in the open, bringing about “a dramatic break from all previous global discussions on sustainable forest management” (Task Force and Advisory Group, 2003: 1).
Such an understanding of illegal logging, we surmise, has direct implications for strategies seeking to curb it, in particular Forest Law Enforcement and Governance initiatives. Where small-scale activities are predominant and authority is contested, higher fines and an expansion of the powers held by law enforcement officers are obviously inappropriate measures. Crackdowns often target villagers and small operators, rarely reaching those who are well connected and politically protected (Casson and Obidzinski, 2002; Colchester, 2006). Even worse, they may solidify the grip of powerful actors over the timber trade, as illustrated by our case. In contrast, there is a need to reform forest regulations and empower villagers as a way of redressing the entrenched power differences between villagers, on the one hand, and local powerbrokers and traders on the other (Colchester, 2006). Forest law reforms would have to modify the blanket criminalization of commercial forest use, as has happened in the form of logging bans. They would need to facilitate small-scale forest use by lowering the technical requirements for forest management plans and creating access to markets for villagers (Richards et al., 2003). In addition, non-governmental organizations could help form coalitions and associations of small forest operators as counterweights to the influence of powerful logging networks. At the same time, central and local governments would need to monitor forest use and trade to safeguard central interests. In this way, Forest Law Enforcement and Governance initiatives could promote a system of checks and balances that leads to better forest management and mitigates the risk of powerful actors overtrumping villagers in the rush for forest benefits.

At the same time, strategies tackling illegal logging will only receive support from central governments and national publics if they take their concerns into account. These concerns may call for steps to strengthen the authority of central governments over forests through two approaches. The first approach involves placing as much emphasis on local people’s livelihoods as on environmental protection, as key goals in forest management (cf. Colchester, 2006). International organizations and domestic NGOs can promote a broader understanding of forest law, incorporating attention to human and indigenous rights, and can try to bring forest agencies into broader debates about rural livelihoods and poverty alleviation (ibid.). The second approach seeks to enhance the legitimacy of public concerns and central government authority over forests. Suitable initiatives include further international agreements and coordinated action to bolster the legitimacy of central government and public concerns related to forest management (Richards et al., 2003). Domestically, awareness campaigns and possibly the establishment of a central monitoring unit may increase the visibility of these concerns, especially if these are combined with the establishment of a central forest inspectorate accessible to local people and high-profile court cases against particularly egregious cases of illegal forest use practices (Smith et al., 2003).
The crucial element, therefore, in understanding the dynamics of illegal logging and devising strategies against illegal activities is to recognize the presence of the two interrelated dynamics and their mutual constitution. Illegal logging is so visible and high on the policy agenda because of what is happening with forests on the ground and due to struggles about authority over forests at the national level. Strategies designed with a singular focus on the political economy of actual forest use may not find sufficient support from central governments and national publics. Similarly, strategies that exclusively concentrate on strengthening the legitimacy of public and central government concerns may not cause much change in practice. In other words, singular strategies bear the risk that illegal logging will not go away, either in practice or in talk about practice.

References


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Endnotes

1 “Illegal logging” is a very problematic term, as it relates to contested notions of legality and legitimacy, as this paper shows. In this paper, we use the term “illegal logging” to refer to a particular discourse about social dynamics driving logging. We speak of illegal operations when we consider logging practices deemed illegal by statutory legislation.

2 The following discussion presents rather stylized summaries of the frameworks. Our objective is to point out characteristic differences between them, ignoring overlaps and similarities. We do not imply, however, that the actual Forest Law Enforcement and Governance initiative neatly falls into one of the three frameworks. Nor do the references to particular documents mean to suggest that the analyses and recommendations presented in these are confined to a particular framework.

3 The discussion in this paragraph is informed by the discussion of corruption in Gupta (1995).

4 A more complete analysis of illegal logging would need to take account of larger economic forces, such as the rising urban demand for timber (McElwee, 2004) and the influence of China (Lang and Chan, 2006), but this is beyond the scope of this paper.

5 The fieldwork took the form of several extended stays in the village from 2000 to 2005, totaling approximately nine months. It included interviews and conversations with all involved actors.

6 The characteristics include significant human pressure on forests because a significant share of the rural population lives in poverty; large concessions not in the hands of the private sector but held by State Forest Enterprises; a single party closely tied with the government; and fact that the government draws much of its legitimacy from its support by rural people (Kerkvliet, 2005).

7 Vietnam had a Ministry of Forestry until 1995, when it was merged into the new Ministry of Agriculture and Rural Development.

8 Another indicator of significant decentralization was the failure of repeated attempts by the central government to reform the State Forest Enterprises managed by provincial authorities. By the early 2000s, the Enterprises held on to most of their land, which they were supposed to transfer to local households, and defied central orders to reform their management structures (World Bank, 2005).

9 Did logging increase after the logging ban? This is an interesting question, although it is impossible to answer it due to lack of suitable data.

10 This figure includes illegal logging in Vietnam as well as illegal imports from Cambodia and Laos.

11 For example, see the articles posted on the news website www.vnexpress.net from 27 August 2006 and 26 February and 29 May 2007.

12 For example, our search for reports on illegal operations involving local state officials published between March and July 2007 turned up articles on the website www.vnexpress.net on 22 March, 7 July, and 17 July and in the newspaper Lao Dong on 11 April, 2 July, and 17 July.

13 For reasons of confidentiality we use pseudonyms for the names of all people and local places in this paper.

14 The Muong are an ethnic group in Vietnam.
Other wood traders also who came to Ban Chanh and offered to buy logs. Yet villagers rarely sold to them, as they preferred selling logs to Anh Nga (see below).

It is interesting to note that the *kiem lam* did not try to stop villagers from extracting trees but concentrated their efforts on controlling the timber trade. One possible explanation is that *kiem lam* officers have little incentive to prevent people from cutting trees. It is much more lucrative for them to pursue traders and transporters, as that strategy allows them to either exact high bribe from these or to sell confiscated logs (McElwee, 2004).

For example, one traffic police officer showed us his baton and asked: “Do you know how much this stick cost?” He answered the question himself: “40 million dong” – that is, 2,500 US$. 