

VIETNAM

CIRCULAR ECONOMY 2-PAGER, 23 AUGUST 2021



POLICY LANDSCAPE

Vietnam is known for its booming economy. Since its opening to the world market in the eighties, the capita GDP growth rose to one of the fastest in the world, leading to significant poverty reduction. On the other side, partially induced by that very outstanding economic growth, Vietnam also struggles with predicaments of increasing resource depletion and scarcity, pollution and degradation of the environment and intensifying effects of climate change. The awareness and predictions what is to be awaited in the coming years has triggered the attention for concept of circular economy as solution for national challenges.

In the past Vietnam has orientated its environmental protection on international conventions, built projects and established state agencies to support goals. However, missing enforcement of guidelines and sanctions for environmental law violations led to weak application. The establishment of a circular economy is realized in the socio-economic development strategy 2020-2013.

Green Growth Strategy (VGGs)

The Ministry of Planning and Investment is working with relevant ministries, sectors, and localities to draft a **National Strategy on Green Growth** for 2021-2030 and vision to 2050. The plan drafts outline goals for lowering greenhouse gas emissions, assisting all economic sectors in going green, promoting sustainable consumption, and strengthening resilience during the green transition process with the goal of making Vietnam a carbon-neutral economy.

The revised Law of Environmental Protection (LEP)

The revised Law of Environmental Protection (LEP), which will come to effect from 2022, introduces the circular economy as a completely new concept to embrace the current development trend of natural resources, fuel, and materials becoming scarce. The law also sets a new management regime for solid wastes to gradually form a circular economy, including application of an extended producer responsibility (EPR) policy approach for recovery and recycling of multiple resource streams through payment for service charges for collection, transportation and treatment.

FACTS & FIGURES

ECONOMIC INDICATORS

- Population (2019): 95.5 mln.
- Nominal GDP (2021 est.): €314.74 bln. world rank: 36th
- Purchasing power (2019): €2,740
- Import from the NL (2018): €1.1 mrd.
- Economic growth (2018): 7.1%
- Ease of doing business rank (2020): 70/190
- Corruption index (2019): 96/180
- Unemployment rate (2018): 2%
- Currency: Dong
- Time difference NL: +5.00 hrs

CE INDICATORS

- Global innovation index (2019): 42/129
- Municipal waste recycling rate (2011): 8-12%
- Share of energy from renewable sources: 10%

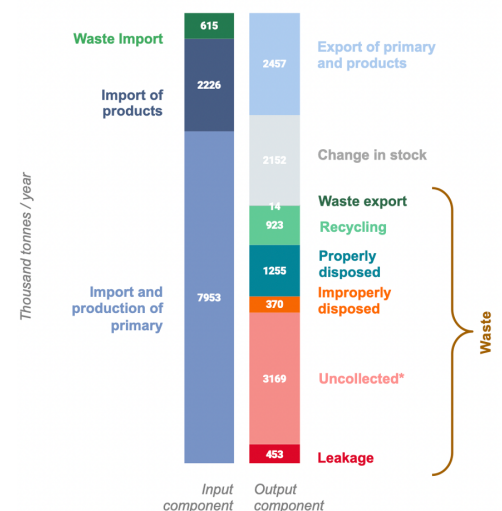


FIGURE 1: VIETNAM PLASTIC MATERIAL FLOW 2021, SOURCE IUCN, 2020

THE NATIONAL ADAPTATION PLAN (NAP)

The NAP focuses on (I) reducing vulnerabilities to climate change impacts, by enhancing adaptive capacity and resilience and (II) enhancing the integration of climate change adaptation actions into relevant policies, strategies, programmes and projects. Especially in socio-economic development planning of ministries, branches and localities. Amongst other focus sectors, natural resources and industry and trade have been selected as priority areas.

CLEAN INDUSTRIAL PRODUCTION

The national strategy Clean Industrial Production targets industrial production to enhance sustainability measures by creating awareness for clean production amongst the industry. Measures is the obligation of medium-and large scale industrial enterprises to establish dedicated units for cleaner production matters and educate and train staff accordingly. Incentives for investment projects are provided by the government.

SELECTED PRIORITY AREAS

PLASTICS

Plastics destroying oceans is a serious issue in Vietnam. According to a **study** Vietnam ranks fourth place in the world's list of plastic ocean debris polluters. The Vietnamese Ministry of Natural Resources and Environment estimates that around 8-16% of all national waste is plastic. Today, it is treated together with municipal solid waste, which is mostly discarded on non-sanitary landfills. Mal-managed dump sites and landfills appear to be responsible for 80% of ocean plastics.

International plastic waste is an issue as well. An embargo on low-quality plastic waste by 2025 should prevent further plastic contaminations. Until 2025 national targets aim to reduce plastic waste in marine bodies by 50% and eliminate 100% of single use plastics. Furthermore, there is an innovative Zero Plastic Waste City project coming up; a social business approach enhancing and formalizing the informal waste picking sector to close gaps in the waste value chain. Upcoming EPR schemes enhance Dutch business opportunities in the field of regional sorting systems, cost-effective food grade plastics recycling, innovative product design for circular life-cycles and alternatives for plastic packaging.

WASTE MANAGEMENT

Due to economic- and population growth as well as urbanization, solid waste production from the domestic sector is increasing with 5% annually (8.4% in urban areas). Next to increasing volumes, ineffective and lacking waste management systems are causing environmental

pollution and implicate health. Fragmented waste management impedes efficiency and insufficient waste collection services encourages households to dispose their waste by dumping or burning, causing air and water pollution, and impair health.

To improve the current situation, the **National Strategy on Solid Waste Management** enhances a 3R strategy (reduce, reuse, recycle) and sets ambitious targets for 2025: +90-100% of household waste is collected and treated environmentally friendly of which 60-90% is reused or recycled. Therefore, 80% of cities with recycling facilities shall realise waste separation at household level.

Improved waste management is not only fundamental to reduce Vietnam's environmental pollution levels, but is also a first step towards circular economy. Therefore the Dutch journey on waste management provides lessons learnt and shows how the public sector can create enabling conditions for the private sector to take up. Expertise and decades of experience from the Netherlands can provide consultation on the establishment of effective regional waste management systems from collection and sorting to composting and recycling.

AGRI-FOOD

Agri-food is an important sector in Vietnam. In 2019, agriculture contributed almost 14% to the national GDP and employed over 36% of the Vietnamese population (statista). In contrast to the Netherlands, the Vietnamese agro-sector is characterized by smallholder farmers (89% of all farmers). The main challenge of the Vietnamese agro-sector is its efficiency in terms of productivity and use of space. Extensive monoculture is causing deforestation and groundwater pollution, and productivity intensification through fertilizer and pesticides degrades land quality. Meanwhile, trade agreements with the EU and the **RCEP** pressure Vietnam to adapt social and environmental production standards. Knowledge transfer of sustainable- and smart agro-food systems for smallholders is urgently needed to remain production capacity. Being the world's second largest exporter of agri-food, Dutch business opportunities lay in providing consultation on climate smart (CSA) - and circular agriculture, policy advice, and CSA technology transfer such as greenhouse growing, bio chemicals, and urban agriculture with focus on small-scale farming.

REPORTS

- [FAO: Development of organic, plastic-free and fair trade farming systems for small-holders](#)
- [The ideation process focused on circular strategies in the wind industry](#)
- [Going Circular: A Roadmap for Plastics Recycling in Vietnam](#)
- [Collective Research on Water in the Circular Economy](#)
- [Circular Solutions for sustainable water use & resource recovery](#)
- [Waste management in Vietnam](#)

RELEVANT NETWORKS

BUSINESS NETWORKS

- [Circular Economy Network](#)
- [Keep Vietnam Green](#)
- [Dutch Business Association Vietnam](#)
- [Solid Waste Services & Recycling Companies In Viet Nam](#)
- [NL In Business Vietnam](#)

EMBASSIES

- [Embassy of Socialist Republic Viet Nam in the Kingdom of the Netherlands](#)
- [Netherlands embassy in Hanoi](#)