



VIETNAM 2020 ENVIRONMENT SECTOR BRIEFING

*Prepared by Business Centre
British Business Group Vietnam*

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OUR TEAM



what we do ?

The British Business Group Vietnam (BBGV) was officially established in Ho Chi Minh in 1998 with its Ha Noi branch founded in 2007. BBGV aims to support and develop Vietnam-UK business links while raising the profile of Vietnam in the British business community and vice versa. As an accredited British Chamber, BBGV in association with the Department for International Trade (DIT), is committed to promote strong business links between Vietnam and the UK.



BUSINESS MATCHING:

Partner search and one-to-one meetings with potential clients, agents/distributors or outsourcing partners



BUSINESS DEVELOPMENT REPRESENTATIVE:

Provide a professional business development representative to act locally on your behalf, strengthen existing engagements with the Vietnam market on a long term basis and develop further business relationships within the market.



INWARD INVESTMENT FACILITATION:

Business Registration, Site Selection, Factory/Office Set-up & Operations Support, HR & Financial Management



BUSINESS SERVICES EVENTS:

Organise trade missions, product launches and seminars/workshops



MARKET STUDIES:

Sector reports, competitor analysis and local prospect background research



EXPORT OPPORTUNITIES:

Explore your export opportunities to Vietnam through DIT's portal opportunities.export.great.gov.uk



WEBINARS:

Online dialogues with experts within industries to forecast new trends in doing business in Vietnam



BACK-OFFICE SUPPORTS:

Due Diligence, Marketing Materials & Company Documents Translation

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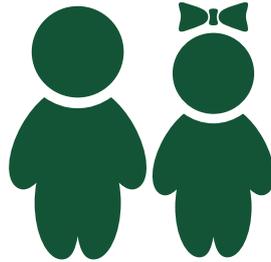
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VIETNAM ECONOMY AT A GLANCE

Population continues to grow and more people will live in urban than in rural areas by 2040 [3].

URBAN
population in 2019

35.8%



Population
density

308
people/km²

Annual urban
population growth

2.59%

£23.29

Billion

Foreign Direct
Investment

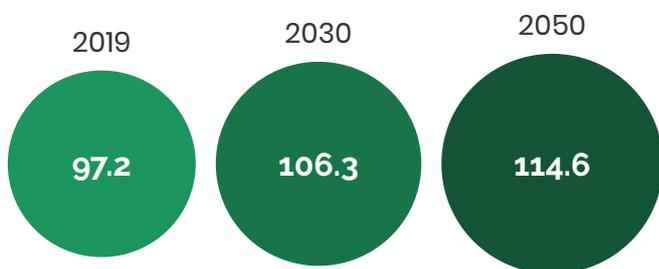
Middle Income
Population Growth

10%

2016 - 2021

Source: Ministry of Planning and Investment, Business Monitor International (BMI) Database, cited in PwC's "The Future of ASEAN - Time to Act", 2018

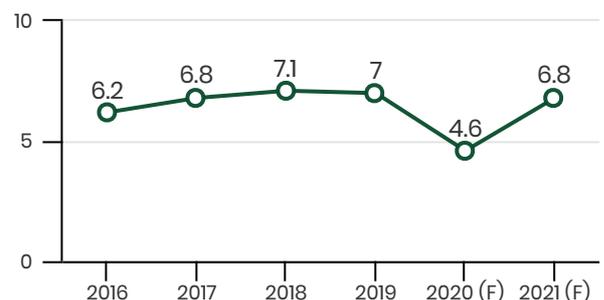
Vietnam Population Forecast



Million People

Source: UN World Population Prospects, World Bank Development Indicators, IMF World Economic Outlook database.

Vietnam GDP Growth (%)



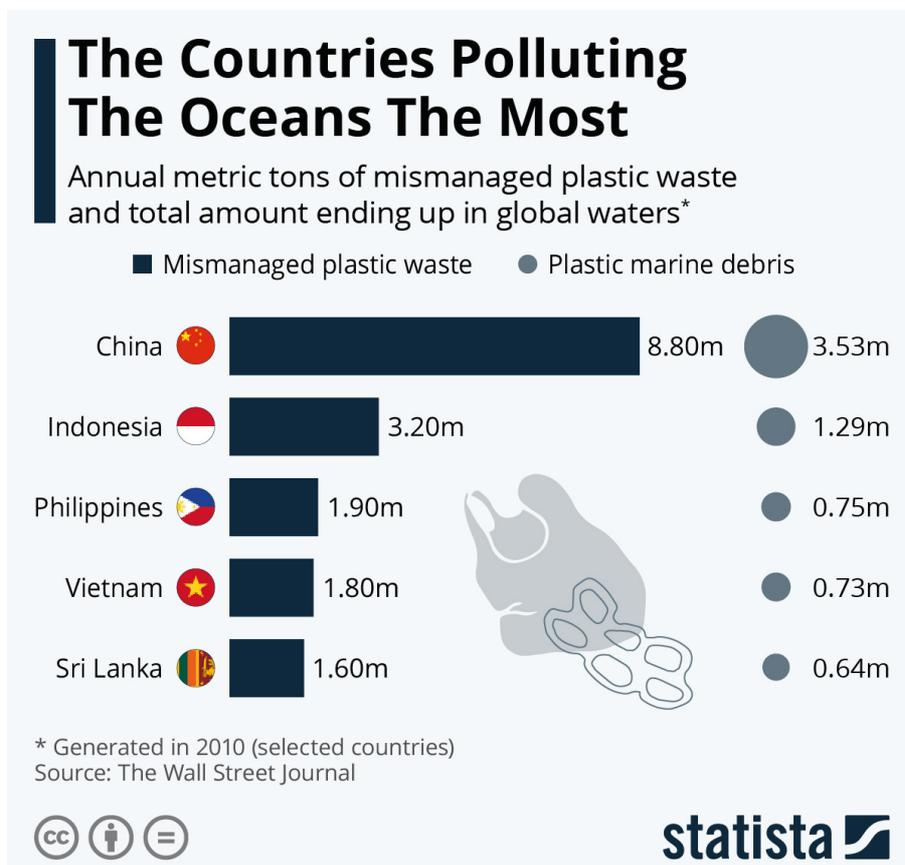
Source: Asian Development Bank. Asian Development Outlook 2020 (April 2020)

Vietnam GDP is about 7% in the last two years and is estimated to be 4.8% this year due to the coronavirus pandemic but still remains among Asia's fastest growing economies. [1]

VIETNAM ECONOMY AT A GLANCE

However, rapid economic growth, urbanization and population growth over the last few years have led to rapid increase of waste generation and pollution challenges.

- Waste generation in Vietnam will double in less than 15 years. [6]
- 85% of the waste generated in Vietnam is being buried without treatment in landfill sites [7]
- Vietnam is one among the top 5 countries in the world that together account for about 60% of the ocean's plastic pollution. [8]



SOLID WASTE

Hazardous Waste

850,000
tons generated per year

124 licensed enterprises for hazardous waste treatment with a capacity of over 1.3 million tons/year. [9]

Medical Waste

95% of hospitals with medical solid waste sorted according to the regulations of the MOH [10]

Industrial Waste

6.8 mil
tons generated per year [9]

Municipal solid waste (MSW)

23 mil
tons generated per year

Only **203** sanitary landfills over 660 operating landfills.

Collection rate



40-55%
in rural areas

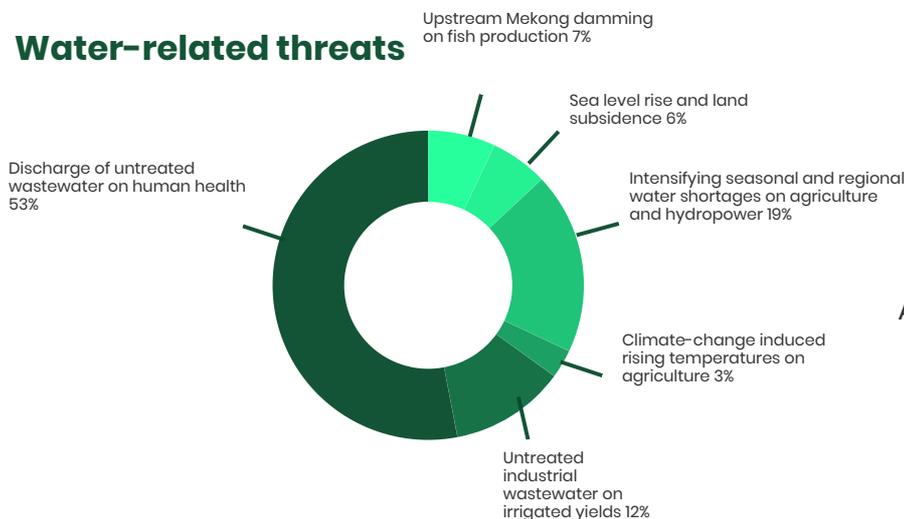


85-90%
in urban areas

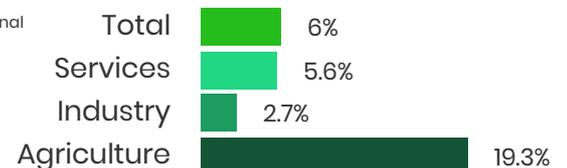
WATER RESOURCES

As the world top exporter of pepper, rice, coffee and aquaculture products, water resources contribute greatly to the Vietnam development. However, this could lead to economic stresses as pressures on water resources has been increasing. The rising level of water-related threats could reduce GDP by 6% by 2035. [11]

Water-related threats



Impact by Sector



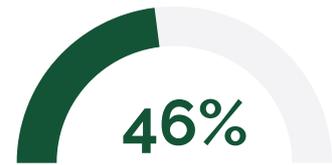
WATER POLLUTION IS AMONG THE TOP CONCERNS



of municipal wastewater is treated.



of industrial wastewater is treated.



of urban households have connections to drainage systems.

Agriculture is among the top 10 sectors causing water pollution

Only about

45 – 50%

of fertilizer is used effectively, the rest is washed out in runoff

Aquaculture



is highly polluting due to discharge of untreated wastewater into local water bodies.

Food safety concerns

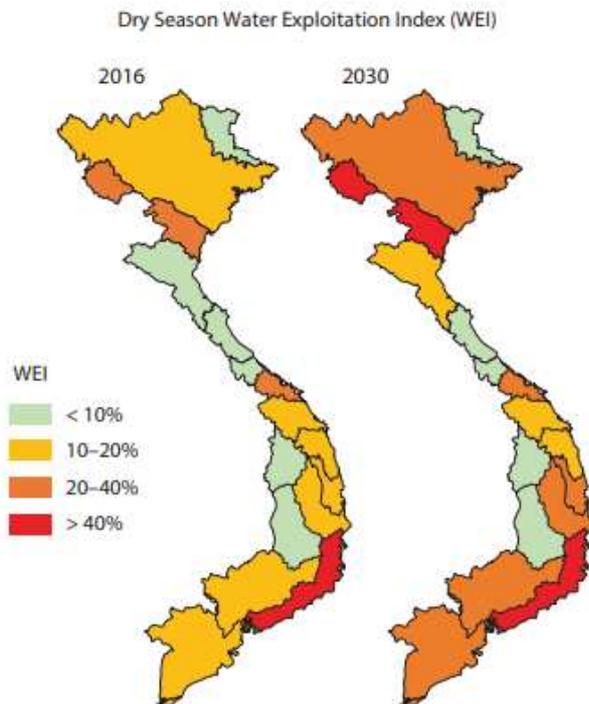


have affected sales but are also beginning to drive improvements in standards.



WATER STRESS IN DRY SEASON

The river basins generating 80% of Vietnam's GDP are all expected to face 'water stress' in the dry season by 2030. Within 25 years, the population in urban areas is expected to require twice the daily water supply that current system can provide.



Source: 2030 WRG 2017
 Note: green = no stress, amber = low stress, brown = stressed, and red = severely stressed

OPPORTUNITIES AND CHALLENGES

WASTE-TO-ENERGY SECTOR

With much of that waste being landfilled, the Government has been reshaping its policies and regulation in recent years to enable and encourage the building of waste-to-energy plants. Despite the increasing demand of clean energy, some plants are unable to sort waste at source due to the lack or improper use of technologies [13]. Local firms need the technical expertise, capital and this provides some opportunities for:

- Machinery/Equipment – collection and sorting equipment, waste processing equipment, and incinerators;
- Technical expertise – processing and recycling technologies, waste management solutions, plant design and engineering solutions; and
- Funding and financing – investing capital in upcoming and existing plants, and working with engineering firms and municipal governments. [14]

DEMAND FOR ENVIRONMENTAL TECHNOLOGIES AND EQUIPMENT

The government strongly encourages private sector participation in solid waste collection, separation, transportation, and treatment. To minimize burying waste, the government encourages **new technologies to treat less degradable waste**.

Municipal and industrial wastewater are further required to be pre-treated to ensure compliance with environmental standards before being discharged into the city's drainage systems. Thus, the government encourages **cost-effective and environmentally friendly wastewater treatment technologies and products** into Vietnam.

Industrial parks represent **an attractive market for wastewater treatment systems** as the government is pushing industry harder on environmental compliance.

Mostly all **key components of these systems** like water meters, valves, pumps, motors, water treatment chemicals, water filtration systems, water control and monitoring equipment, etc. must be imported as local production of environmental equipment does not meet the requirements of ODA-funded projects.

CONSULTANCY SERVICES

Demand for environment consultancy services, including environmental impact assessment capabilities, is rising. More than 2,000 projects in Vietnam are required to make

OPPORTUNITIES AND CHALLENGES

environment impact assessment (EIA) reports each year. Domestic engineering and consulting firms can perform EIAs, but foreign developers prefer to work with foreign engineering and consulting firms because domestic firms often don't have the expertise to perform EIAs to global standards. [15]

THE EFFECTS OF COVID-19 PANDEMIC ON ENVIRONMENT SECTOR

The coronavirus brings other **dangers for clean energy transitions**. China, the country most heavily affected by the virus initially, is the main global production source of many clean energy technologies, such as solar panels, wind turbines and batteries for electric cars. This may cause potential supply chain bottlenecks for some technologies and components. [16]

The surge of contaminated medical waste such as used protective suits and face masks could pose another risk during and after the pandemic. Coronavirus could leave Hanoi only with 160 tons of medical waste per day compared to 27 tons before the pandemic, according to ADB [17]. As a result, **the demand for medical waste treatment solutions is rising** not only for Vietnam but for every country. [18]

ENVIRONMENTAL LEGISLATION OVERVIEW

The main pillar of legal framework that governs Vietnam's Environment Sector is The Law on Environment Protection (LEP) 2014. This Law provides for environmental protection; for policies, measures and resources for environmental protection; and for the rights and obligations of organizations, households and individuals for environmental protection. [19]

In addition, investment incentives are granted to investment projects based on location, sector and other factors such as the size of the project. High technology, software, new energy, waste recycling are among business areas eligible for investment incentives. [20]

SOME OTHER HELPFUL LEGAL DOCUMENTS IN ENVIRONMENT SECTOR:

- Decree No. 81/2017/ND-CP of the Government dated 17 July 2017 on the functions, responsibility, rights, and organizational structure of Ministry of Construction
- Decree No. 15/2015/ND-CP of the Government dated 14/02/2015: Regulations on the field, conditions and procedures for the implementation of Public-Private Partnership Form.
- Decree No. 114/2014/ND-CP of the Government dated 26 November 2014 regulates the subjects and conditions for importing and recycling used ships
- Decision No. 73/2014/QD-TT of the Prime Minister dated 19 December 2014 on categories of scrap to be imported as production materials.
- Decision No. 322/QD-BXD of the Ministry of Construction dated April 6, 2012 on announcement of investment and construction unit and rates for MSW treatment cost.

NATIONAL WASTE MANAGEMENT STRATEGIES

- Decision 2149/2009/QD-TTg dated 17th December 2009 of the Prime Minister on ratifying the National Strategy for integrated management of solid waste to 2015, with a vision to 2050
- National Strategy for Green Growth (Decision 1393/QD-TTg, dated 25/9/2012) and National Action Plan for Green Growth 2014-2020 (Decision 403/QD-TTg dated 20/3/2014)
- Decree 54/2015/NĐ-CP on encouraging and facilitating water saving and efficiency has been issued to promote private sector involvement in water resources management.
- Decision No.491/2018/QD-TTg on integrated solid waste management strategy to 2025 and orientation to 2030.

WASTE TO ENERGY RELATED POLICIES

- Decision 31/2014/QD-TTg – stipulates the supporting mechanism or development of power generation projects using solid waste;
- Circular 32/2015/TT-BCT – deals with the development of grid-tied generation projects using solid wastes and provides a model electricity sale contract for projects using solid wastes in Vietnam; and
- Decree 118/2015/ND-CP – deals with investment incentives and schemes in various sectors including construction of concentrated solid waste treatment zones and collection, treatment, recycling, and reuse of waste.

ENVIRONMENTAL LEGISLATION OVERVIEW

SOME MSWM POLICIES RELATED TO CLIMATE CHANGE

- Decision No. 2139/QĐ-TTg of the Prime Minister dated 05/12/2011 approved the national strategy on climate change as mentioned in Decision 130/2007 / QĐ-TTg on the mechanisms and financial policies for investment projects under the clean development mechanism;
- Decision No.1775 /QĐ-TTg of the Prime Minister dated 21/11/2012: To approve the scheme management emission of greenhouse; managing the business operations of carbon credits to the world market

UPDATE ON NEW LAWS TO BE EFFECT IN 2019

Environmental protection tax is introduced for petroleum products, coal and plastic bags from January 1, 2019. New taxes for various products are: coal, HCFC, ozone-depleting substances, greenhouse gases, Plastic bags, Gasoline, Kerosene, Lubricants and Heavy fuel oil. [21]

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