



## The Circular Economic Development Policy Aims to Implement Vietnam's National Strategy on Green Growth

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### **Abstract**

Circular economy (CE) has become an inevitable trend and an urgent demand in the development process of the world today. In Vietnam, the development of a circular economy is identified as one of the developmental orientations for the country in the coming period. This article delves into an analysis of the actual situation of circular economy development policies in the recent period, thereby proposing comprehensive solutions to implement the national strategy for green growth in Vietnam.

**Keywords:** *Circular Economy; Green Growth; Policy; Nation*

### **1. Introduction**

Vietnam is among the countries in the region that have early adopted the green growth model. Alongside this, the Government has enacted, supplemented, and amended several laws related to green growth, and new legal documents have been developed to promote activities related to green growth. In 2014, the Government approved the National Action Plan on Green Growth for the period 2014 - 2020. To reaffirm the importance of green growth in sustainable national development, the Government approved the "National Strategy on Green Growth for the period 2021-2030, vision to 2050" at Decision No. 1658/QĐ-TTg, National Strategy on Green Growth for 2021-2030, vision to 2050. To implement this strategy, there are many solutions, but the most important one is the development of Circular Economy (CE). Therefore, the Government issued Decision 687/QĐ-TTg approving the Project on the Development of Circular Economy in Vietnam. This decision affirmed that the proactive development of CE is inevitable, in line with trends and requirements for a breakthrough in economic recovery and the implementation of sustainable development goals; contributing to promoting economic restructuring in conjunction with innovation in the growth model towards modernization, realizing the National Strategy on Green Growth. Concurrently, Vietnam is participating in many new-generation free trade agreements with numerous countries and economic regions, including commitments on ecological environmental

safety standards, thus adopting the CE model in Vietnam is an inevitable trend towards sustainable development. Many assessments and evaluations show that Vietnam, after a long period of development relying on natural resources and cheap labor, has achieved many socio-economic development achievements. However, Vietnam is also facing many serious challenges due to the risk of resource depletion, environmental pollution, and climate change... Vietnam currently ranks fourth in the world in plastic waste, with 1.83 million tons/year, only after Just after China, Indonesia, and the Philippines (Jambeck et al., 2015), according to World Bank forecasts, Vietnam is among the top 10 countries most severely affected by air pollution, which is expected to result in a loss of about 3.5% of its GDP by 2035 (National Assembly, 2023).

Implementing a circular economy is becoming a strong trend in many countries around the world due to the economic, environmental, and social benefits it is expected to bring, such as: Creating economic growth opportunities, creating jobs, and reducing environmental impacts, achieving sustainable development goals, and responding to climate change... Therefore, Vietnam needs to have policies aimed at promoting the development of the circular economy to effectively implement socio-economic development strategies in the coming period.

## **2. Literature Review**

The circular economy in general, and the policy development for it specifically, have garnered significant interest in both domestic and international research. Notable studies include: According to research by Freek van Eijk (2016), which compiled some global studies on various barriers to the circular economy, 13 major barriers were identified that countries often encounter when transitioning to a circular economy, with legislation and culture being the two biggest barriers (Freek van Eijk, 2016). The study by Jonas Grafstrom and Siri Aasma (2021) identified four main barriers affecting the implementation and development of the circular economy model, which are technology, market/economics, institutional/legal, and social/culture (Jonas Grafstrom, Siri Aasma, 2021). In another study, N. H. Nam and N. T. H anh (2019) also affirmed the role of legislation and believed that perfecting the law is the first solution chosen by countries to implement the development of the circular economy (N. H. Nam, N. T. H anh, 2019); The Institute for Strategy, Resource and Environmental Policy (2020): "Research, evaluation, and proposal of development models for the circular economy suitable for Vietnam in the context of achieving sustainable development goals and responding to climate change", covered contents and models for the development of the circular economy; Study: "The relationship between Green Growth, Green Economy, Circular Economy, and Sustainable Development", This article compiles various perspectives to analyze the similarities and differences between the aforementioned terms. The results show that these terms have different meanings and should not be used interchangeably. Consequently, the article presents a clear understanding of the relationship between these terms and their unity with Sustainable Development; Study: "Circular Economy in the National Strategy for Green Growth and Sustainable Development for the Central Highlands", this article researches the effective application of the circular economy model in the national strategy for green growth to promote sustainable development for the Central Highlands, which has a very unique position in terms of geography, natural conditions, economy, and society.

The team of authors proposes recommended solutions to effectively apply this sustainable development model in the strategy for developing the Central Highlands in the upcoming time (Nguyen The Chinh, 2023)... Based on a general overview of the research both domestically and internationally related to the research theme, it shows that (i) Circular Economy (CE) is still a relatively "young" research field with various approaches, principles, and different schools of thought. The concepts with a narrow approach, from a micro perspective... are not yet suitable for CE to become a new socio-economic model. Therefore, continuing theoretical research on CE still needs to be carried out; (ii) Current studies mainly focus on policy direction and have not explored and presented more specific issues

about policies, such as tools, policy content; (iii) Although many studies indicate that one of the barriers to implementing CE at both macro and micro levels is financial resources... there are very few studies addressing this issue from a policy perspective. In that context, research to identify the problems posed for financial policies to promote the development of CE in order to effectively achieve the goals of the green growth strategy in Vietnam is necessary and meaningful.

### **3. Research Mythology**

The research method of the article includes: (i) The analysis-synthesis method used by the author to assess the circular economy development policy; (ii) Information gathering method: The author collects documents domestically and internationally through published scientific works on theoretical foundations, previous research on circular economy, green growth; and through data from official publications of state agencies, ministries, etc., to make observations and evaluations on Vietnam's circular economy development policy....

### **4. The Current Status of Circular Economy Development Policy in Vietnam's National Strategy for Green Growth**

Vietnam has had circular economy (CE) models for many decades...however, these models have been relatively small in scale and have not emphasized the requirements for technology application and innovation, value addition, and productivity increase, nor the interconnection thinking between sectors and sophisticated operations... Therefore, a proper policy system is needed to develop the CE. Vietnam is also prioritizing circular economy development and affirming this in its socio-economic development strategic orientations... In addition, green growth is a practical requirement and a global trend, increasingly becoming Vietnam's top priority on its integration journey towards sustainable and comprehensive development. Although the term "circular economy" was not officially used in the Communist Party's policy documents before 2020, its essence was still reflected through various terms such as: Resolution No. 41/NQ/TW dated November 15, 2004, on environmental protection (EP) in the period of accelerating industrialization and modernization of the country, with the viewpoint: "EP must be based on prevention and minimizing adverse impacts on the environment as the main approach combined with pollution treatment, degradation mitigation, environmental improvement and nature conservation..."; The 2011 Supplement and Development of the National Construction Platform in the Transition to Socialism sets forth major directions for economic, cultural, social, defense, and security development: "EP is the responsibility of the entire political system, of the whole society and the duty of every citizen. Closely combining control, prevention, and pollution mitigation with ecological restoration and EP. Developing clean energy, clean production, and clean consumption. Emphasizing research, forecasting, and implementing solutions to respond to climate change and natural disasters.

"Management, protection, regeneration, and effective, efficient use of national resources"; Resolution No. 24/NQ/TW in 2013 by the Central Executive Committee on proactive climate change response with the general task being: "Promote growth model transformation in association with restructuring the economy towards green growth and sustainable development". In Conclusion 56/KL/TW of 2019, the Politburo's conclusion on continuing to implement Central Resolution 7 of the 11th term on proactive climate change response, enhancing resource management and environmental protection, outlined the tasks and solutions for "managing, exploiting, and using resources and environmental protection effectively and efficiently". Resolution No. 55/NQ/TW in 2020 by the Politburo on the Strategic Direction for National Energy Development of Vietnam to 2030, with a vision to 2045, directive perspectives include: "Develop in a synchronized, reasonable manner and diversify forms of energy; prioritize the exploitation, thorough and efficient use of renewable energy sources, new energy, and clean

energy; rational exploitation and use of domestic fossil energy sources" and "apply the achievements of the fourth industrial revolution" ...; The XIII Party Congress resolution presented one of the development orientations for the country for the period 2021-2030 as "Building a green economy, sustainable, environmentally friendly"; The socio-economic development strategy for the period 2021 - 2030 vision 2045: "Must innovate thinking and action, proactively grasp timely, effectively exploit opportunities of the fourth industrial revolution associated with the international integration process to restructure the economy, develop digital economy, digital society, considering this as a decisive factor to improve productivity, quality, efficiency, and competitiveness. Fully leverage the advantages of regions, develop harmoniously between economy with culture, society, environmental protection and adapt to climate change".

To materialize the policies issued by the Government, the following decisions have been enacted: Decision No. 2149/QĐ-TTg in 2009, approving the National Strategy for Integrated Solid Waste Management up to 2025, with a vision towards 2050; the National Action Plan for Sustainable Development Strategy for the period 2011-2015; Decision No. 1216/QĐ-TTg in 2012 by the Prime Minister approving the National Environmental Protection Strategy up to 2020, with a vision towards 2030; Decision No. 2612/QĐ-TTg in 2013 by the Prime Minister approving the Clean Technology Use Strategy up to 2020, with a vision towards 2030; Decision No. 622/QĐ-TTg in 2017 by the Prime Minister on the issuance of the National Action Plan to implement the 2030 Agenda for Sustainable Development;... The policies, tasks, objectives, and solutions for green transition are presented in Decision No. 432/QĐ-TTg on April 12, 2012, by the Prime Minister approving the Sustainable Development Strategy for Vietnam for the period 2011 - 2020 and Decision No. 1393/QĐ-TTg on September 25, 2012, by the Prime Minister approving the National Strategy on Green Growth. Subsequently, it was officially launched according to Decision No. 403/QĐ-TTg on March 20, 2014, by the Prime Minister approving the National Action Plan on Green Growth for the period 2014 - 2020. Later, it was updated and more distinctly supplemented in the National Strategy for Green Growth for the period 2021-2030, vision 2050, issued according to Decision No. 1658/QĐ-TTg in 2021 by the Government, which set the goal to green various economic sectors by transitioning towards greening economic sectors, applying science and technology based on the efficient and effective exploitation and use of natural resources and energy, and embracing digital technology and digital transformation...

Also, within the National Action Program on Sustainable Production and Consumption for the period 2021-2030, according to Decision No. 889/QĐ-TTg dated June 24, 2020, by the Prime Minister, the Circular Economy Model (CEM) is identified as one of the key solutions to promote sustainable production and consumption "Promoting the management, exploitation, and efficient and sustainable use of resources, fuels, materials, encouraging the development of resources, fuels, materials, and environmentally friendly products that can be renewable, reusable, and recyclable; promoting sustainable production and consumption based on innovation, creativity, practices, and the development of sustainable production and consumption models, boosting sustainable domestic production and consumption, creating stable jobs and green jobs, promoting a sustainable lifestyle and improving the quality of life of the people, aiming for the development of a Circular Economy Model in Vietnam". The legal system related to the Circular Economy Model has been enacted, such as: The Environmental Protection Law, the Minerals Law, the Water Resources Law, the Land Law, the Consumer Protection Law, the Forestry Law, the Law on Resources, Marine and Island Environment, the Plant Protection and Quarantine Law, the Disaster Prevention Law, the Food Safety Law, the Law on Economical and Efficient Use of Energy, the Chemical Law, the Law on Product and Goods Quality... Especially, the Environmental Protection Law of 2020, for the first time, dedicates a specific provision to regulate the Circular Economy Model. Accordingly, clause 1 of Article 142 has given a definition of the Circular Economy Model "The Circular Economy Model is an economic model in which the activities of design, production, consumption, and services aim to reduce the extraction of raw materials, extend the product

lifecycle, limit waste generation and minimize adverse impacts on the environment". This definition inherits views from the United Nations Environment Programme and the European Union, helping to unify the implementation of the Circular Economy Model in Vietnam. Meanwhile, the Environmental Protection Law of 2020 also emphasizes the requirements for the Ministries, ministerial-level agencies, and People's Committees of provinces to implement.

The government regulates the criteria, roadmap, and encouragement mechanisms for the implementation of the Circular Economy (CE) in accordance with the country's socio-economic conditions. This is accompanied by the Circular Economy Development Project in Vietnam issued under Decision No. 687/QĐ-TTg dated June 07, 2022, by the Prime Minister. The development of CE is necessary, in line with trends and requirements for breakthroughs in economic recovery and contributing to the realization of the National Green Growth Strategy for the period 2021 - 2030, vision 2050. The goals are: By 2025, Circular Economy projects will begin to be implemented; exploiting the economic, social, technological, and environmental effectiveness; contributing to the recovery of renewable resources, reducing energy consumption, increasing the proportion of renewable energy in the total primary energy supply, forest cover rate, enhancing the recycling rate of waste, increasing the localization rate of agricultural, forestry, aquacultural products, and export industries; reusing, recycling, treating 85% of generated plastic waste; reducing 50% of marine and ocean plastic waste compared to the previous period; gradually reducing the production and use of hard-to-degrade plastic bags and single-use plastic products in daily life. By 2030, Circular Economy projects become a main driving force in reducing primary energy consumption, having the capacity to independently meet most or all energy needs based on renewable energy and in increasing the forest coverage rate. The rate of urban household solid waste collected and treated ensuring standards and regulations through Circular Economy models reaches 50%; 100% of urban organic waste and 70% of rural organic waste is recycled; direct burial of household solid waste from Circular Economy models in urban areas is eliminated; maximizing the rate of urban wastewater collected and treated according to standards and regulations in urban areas; reducing greenhouse gas emission intensity on GDP at least 15% by 2030 compared to 2014, aiming for net-zero emissions by 2050. The Circular Economy Development Project in Vietnam is built at a very crucial time.

Vietnam also needs to address the challenge of supply chain disruptions by adapting towards enhancing the economy's level of independence and self-sufficiency, including the use of more efficient materials and inputs. The requirement for the efficient implementation of the Program for Economic and Social Recovery and Development after the severe difficulties of the economy in the years 2020 - 2021 also demands the proactive promotion of new economic models to create additional development space for businesses. The 10-year Socio-Economic Development Strategy for 2021 - 2030 has set out the directions and tasks for "Harmoniously resolving the relationship between economic development and environmental protection". Currently, Vietnam is developing criteria, roadmaps, and policies and mechanisms to promote sustainable development in the next phase. The laws and regulations mentioned above reflect the transition towards building a sustainable economy, responding to climate change, and developing a green, sustainable economy.



Table 1: Comparison of regulations and policies on the circular economy between Vietnam and some other countries

Sector	Vietnam	China	Europe	Sector	Vietnam	China	Europe
<b>A. Production area</b>				6. Construction	X		X
1. Agriculture, forestry, fishery and karma	X	X		7. Wholesale and retail, repair		X	
- Cultivate	X	X		8. Other activities	X	X	
- Breed	X			<b>B. Consumption</b>			
- Aquaculture				1. Intermediary	X	X	
- Forestry		X		2. Government	X	X	X
2. Mining	X	X		3. Households and individuals	X	X	X
3. Processing and manufacturing industry...		X		<b>C. Intermediate consumption</b>			
- Food & Beverage	X	X		1. City	X	X	X
- Textile	X			1. Rural, mountainous area	X		
- Pulp and paper	X			3. Concentrated production and business zones	X	X	X
- Leather and shoes			X	4. craft village environment protection	X		
- Wood processing and production of products from wood, cork ...	X	X		<b>D. Waste Management</b>			
- Chemical	X	X		4.1. Solid waste	X		X
- Resin	X		X	4.2. Wastewater	X	X	X
- Glass				<b>E. National Governance</b>			
- Steel, metal	X	X		1. Innovation			
- Electronics, appliances, electricity...	X	X		2. Digital transformation	X	X	X
- Other machinery and equipment	X			3. Administer		X	X
- Other cars and engines	X	X	X	4. Technology	X	X	X
- Repair, maintenance...				5. Education			
4. Electricity, gas and air conditioning	X	X	X	6. Finance		X	X
5. Water, garbage, wastewater	X	X		7. Criteria		X	X

Source: Lai Van Manh, Nguyen Trong Hanh (2022), Institute of Natural Resource and Environment

Note: The X symbol indicates that Vietnam or other countries around the world also have related regulations

In the policy system as well as legal regulations, there are implications related to the circular economy such as: Encouraging environmentally friendly technology; incentives, support for environmentally friendly types of production, attention to policies on waste treatment, recycling, reuse... have initially been regulated. The transition from a linear economy to a circular economy requires the effort of all sectors and the whole society, not just in the environmental field. Over time, the Government has had specific policies and orientations towards a circular economy for many industries and sectors such as environmental protection, rational use of resources, minerals,... However, these policies and laws are scattered across various legal documents, lacking systematic, consistent, and unified regulations. Vietnam also lacks tools for monitoring and evaluating the effectiveness of green growth goals and targets. In developing laws and subordinate legal documents on land, water resources, geology, minerals... relevant agencies need to continue integrating issues such as emission reduction, building a set of criteria for green projects, green investment, green finance, and accompanying preferential policies for green growth sectors; building penalties for violations of environmental protection, the ecosystem. The issue is that these regulations need to be specified for practical application to contribute to the legal and practical aspects in the development of Vietnam's circular economy.

### ***5. Some Solutions to Improve the Policy for the Development of Vietnam's Circular Economy***

Gradually developing the circular economy (CE) for the Vietnamese economy under the current context is an advanced, suited, and correct approach according to the Party's and the Government's policies and strategies for sustainable development goals.

*Firstly*, Vietnam needs to establish and promulgate a system of policies, laws, and regulations that clearly define the responsibilities of various levels of government, businesses, and citizens in carrying out CE development programs and green growth; Construct specific programs and action plans to implement the circular economy model and green growth; clearly define objectives, and specify quantitative criteria for specific fields with a set of “circular,” “green” criteria for implementing the economic-social development model at all levels; Build models of circular economy and green growth combined with marine ecology conservation, climate change adaptation, and natural disaster response... Currently, Vietnam is simultaneously deploying the “National Strategy on Green Growth” and the “Circular Economy Project,” and these two contents must supplement and premise each other. However, it should be noted that the nature of the circular economy is based on the overall economic efficiency for businesses to organize and implement, thus many criteria of the circular economy are also compatible with those of green growth towards a green economy.

*Secondly*, establishing a roadmap for implementing a circular economy from micro to macro levels, in which enterprises serve as the central driving force. The circular economy roadmap should also be linked with financial mechanisms to achieve the set objectives, such as public-private partnership mechanisms, green financial mechanisms, etc. Define a roadmap to replace harmful fuels, materials, and single-use products with environmentally friendly fuels, materials, and reusable products to extend their useful life. Enhance producers' awareness of environmental protection. Encourage the public and businesses to participate in collection and recycling. Strengthen research and technology transfer in recycling, extending the product lifecycle. Currently, Vietnam's economy is deeply integrating with the world economy, especially with the new-generation agreements that demand high-quality products and goods. Therefore, implementing a circular economy for goods, especially for exports to high-quality markets like the EU, USA, Japan, Australia, etc., means meeting environmental criteria and other criteria, facilitating products for green criteria like (green labels, eco-labels) is essential.

*Thirdly*, developing a set of evaluation criteria, including criteria frameworks and soft criteria, while gradually forming a database system on the circular economy to serve the management and adjustment of implementing a unified circular economy nationwide. Enhance communication efforts to raise awareness among the public and businesses about the circular economy to change the mindset in production and consumption towards increasing the use of renewable energy, recyclable and fully reusable products; enhancing resource recovery from used products, extending the product life through upgrading, refurbishing, and redesign services; enhancing cooperation in research, development connecting consumers through shared consumption forms to improve the product quality

*Fourthly*, clearly define the responsibility of state agencies in implementing the circular economy (CE). Paragraph 2, Article 142 of the Environmental Protection Law 2020 and Article 2 of Decision No. 687/QĐ-TTg regulate the responsibilities of ministries, ministerial-level agencies, and People's Committees of provinces in implementing CE integration right from the stages of strategy, planning, plan, program, and project development; waste management, reuse, and recycling. However, these regulations lack specific guidance and criteria for monitoring and evaluating the effectiveness of these tasks. In addition to the individual responsibilities of each specialized agency, it's possible to divide the common responsibility of all state agencies in the CE implementation process into three main groups: (i) Participating in establishing, amending, and implementing CE plans; (ii) Periodic monitoring; (iii) Public procurement. Therefore, the effective implementation of state agencies in leading by example in public procurement, proactively selecting recycled products, and even becoming the largest consumer in this market is particularly important in promoting production, stimulating market development, and directing consumer behavior among the population.

*Fifthly*, develop a CE database system to serve the management and adjustment of CE implementation. CE data should not only be a collection of information on good circular examples or initiatives for review and scaling up but also include important data that helps track the economy's circularity level (Such as recycling rates of solid waste, waste reuse rates, resource circularity efficiency...)

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