



Australian Embassy

Vietnam



Ho Chi Minh National Academy of Politics

CÂN BẰNG GIỮA CÁC CAM KẾT CỦA VIỆT NAM VỀ MÔI TRƯỜNG VÀ TIẾN BỘ KINH TẾ-XÃ HỘI

Balancing Vietnam's environmental commitments and socio-economic progress

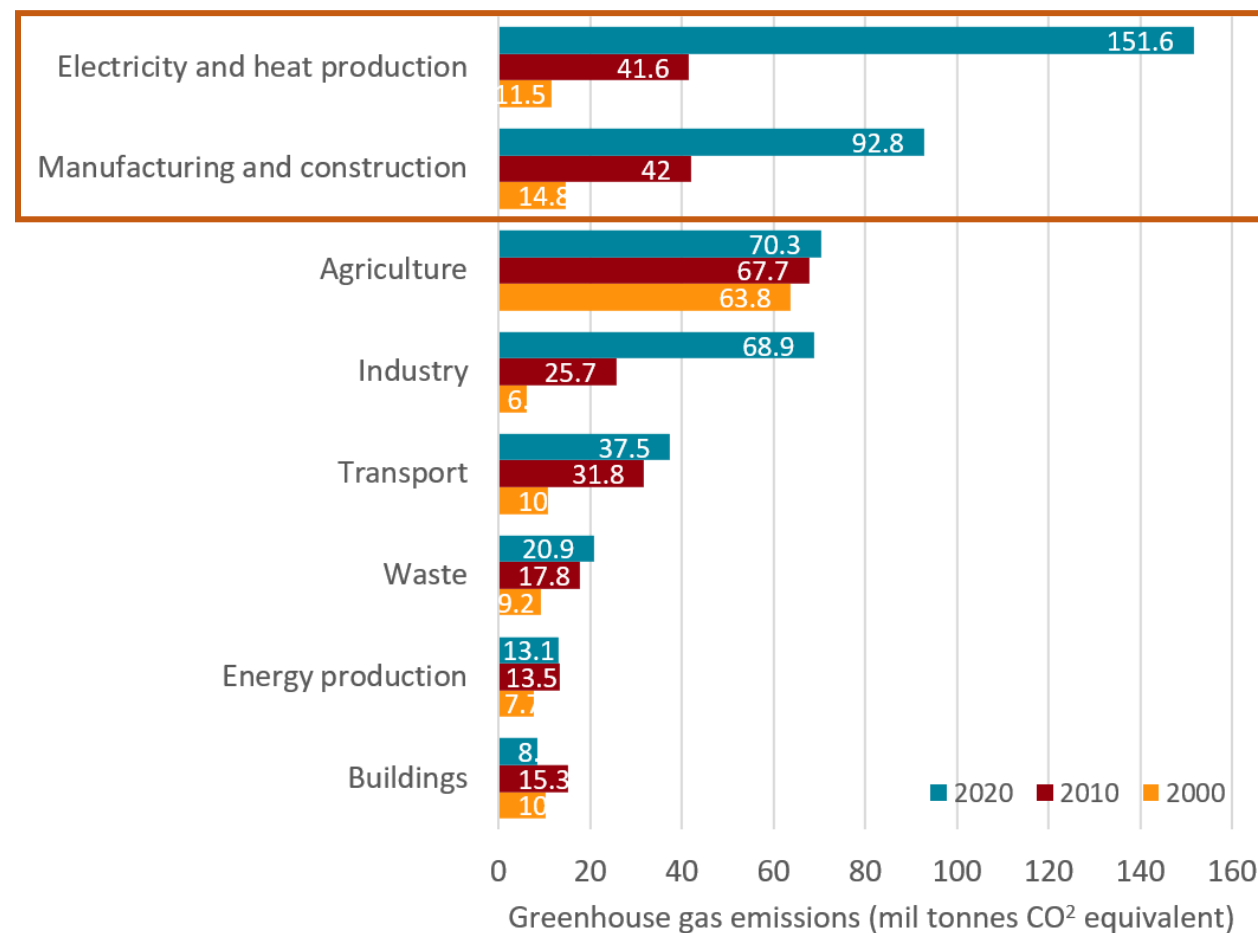
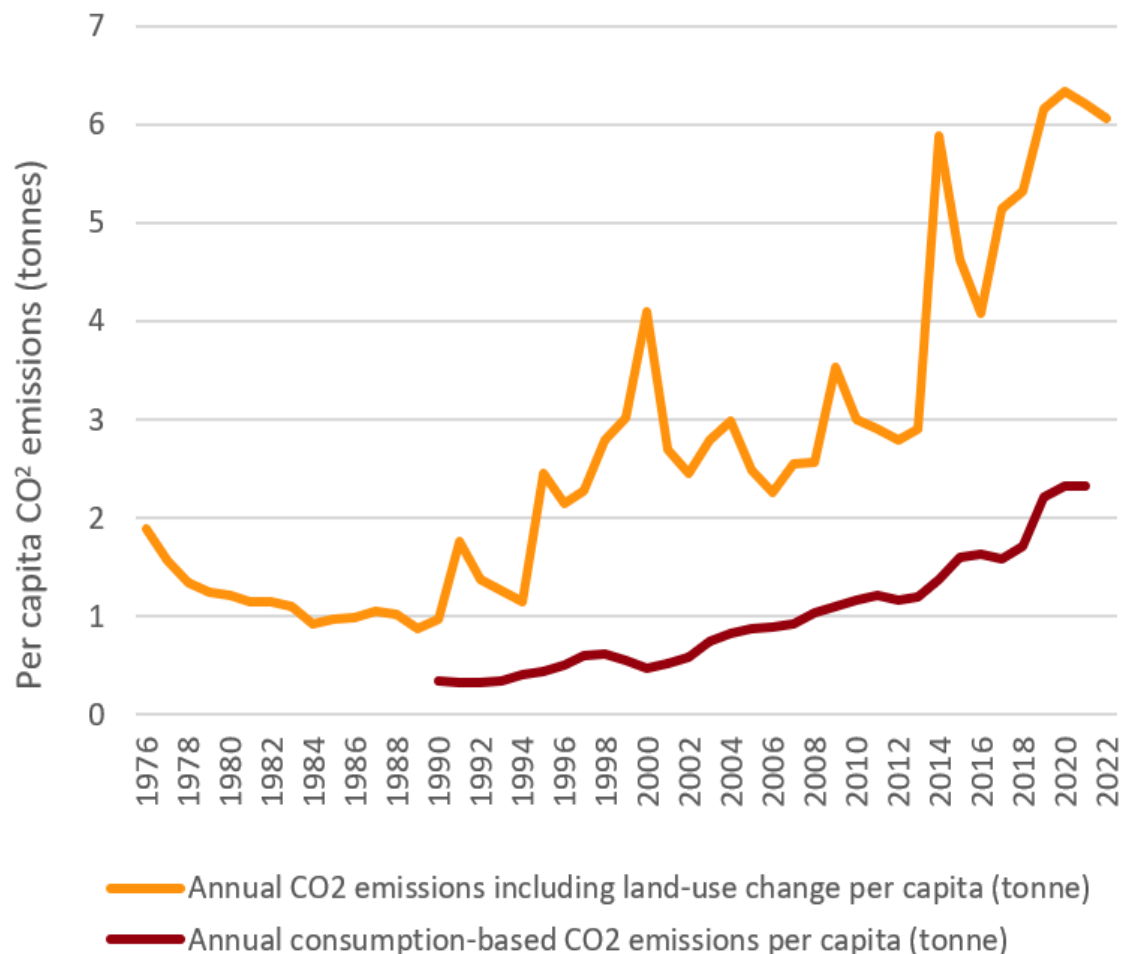
Hà Nội, ngày 21 tháng 03 năm 2024



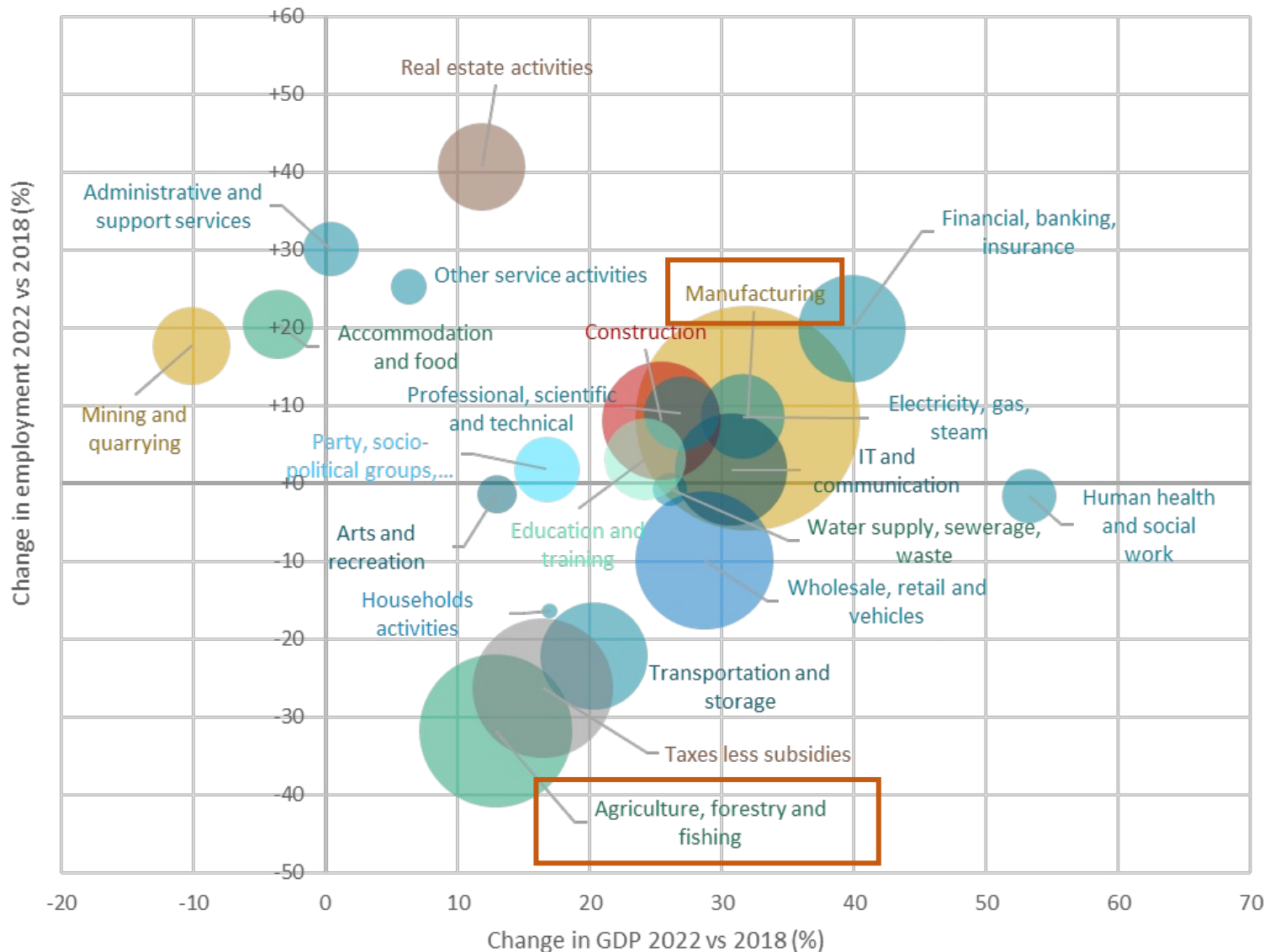
TRUNG TÂM VIỆT – ÚC

VIETNAM AUSTRALIA CENTRE

Vietnam's CO2 emissions have increased significantly

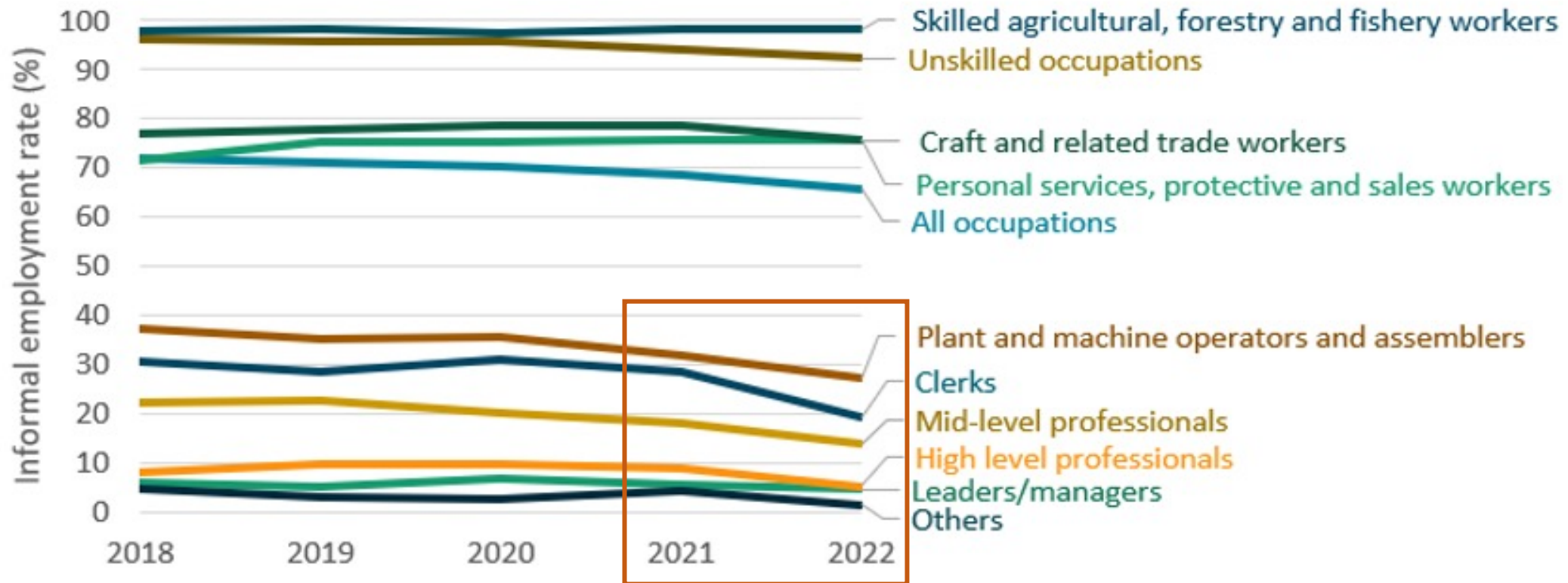


Economic transition is already well underway



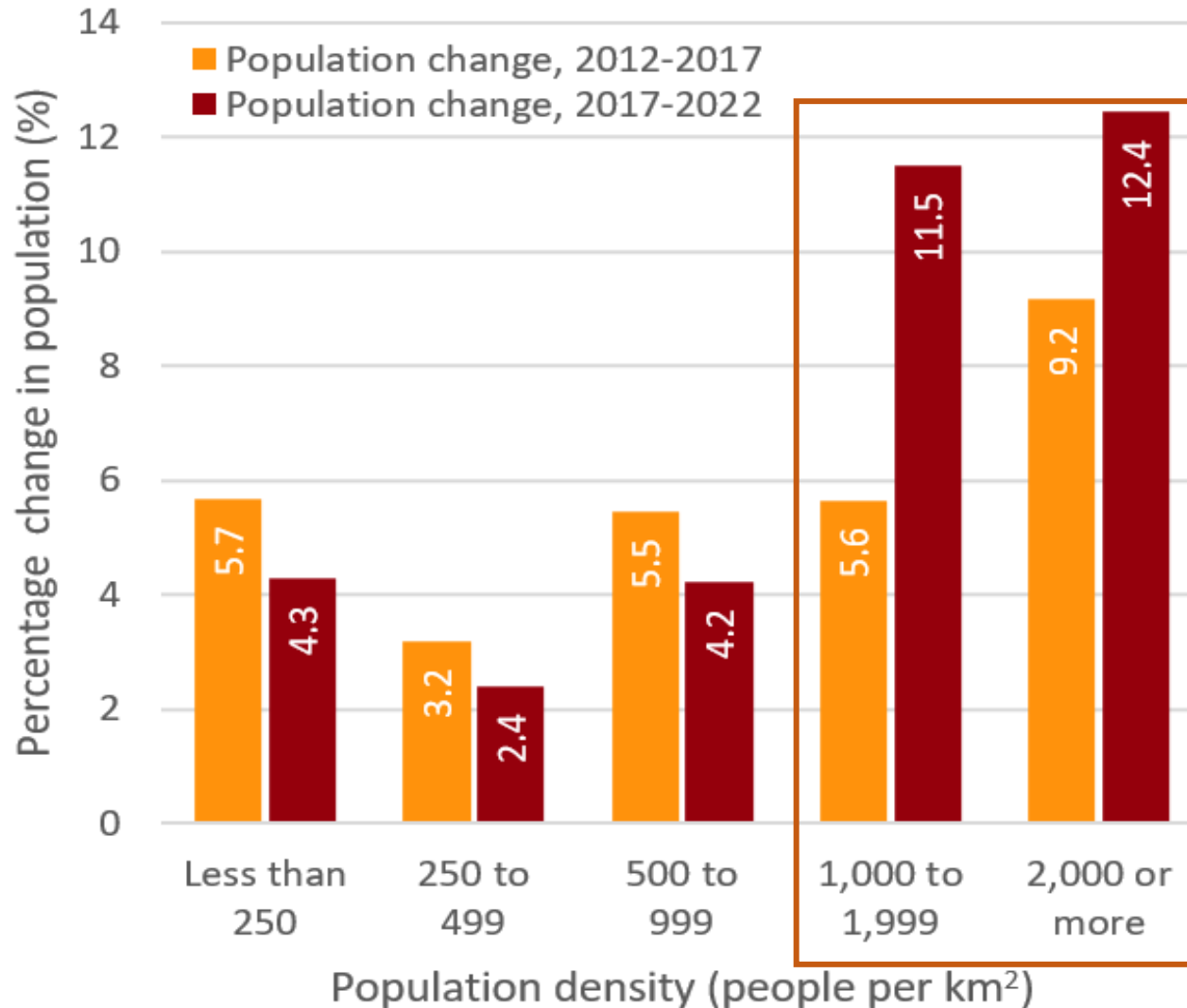
- The **manufacturing sector** makes up a **quarter** of Vietnam's total industry GDP and **grew by 32 per cent** between 2018 and 2022
- The **agriculture sector** is the 2nd largest sector and **grew by 12.9 per cent** between 2018 and 2022
- Jobs grew by **17.7 per cent** in the manufacturing sector but **fell by 32 per cent** in the agriculture sector between 2018 and 2022

Informal employment has fallen substantially post Covid



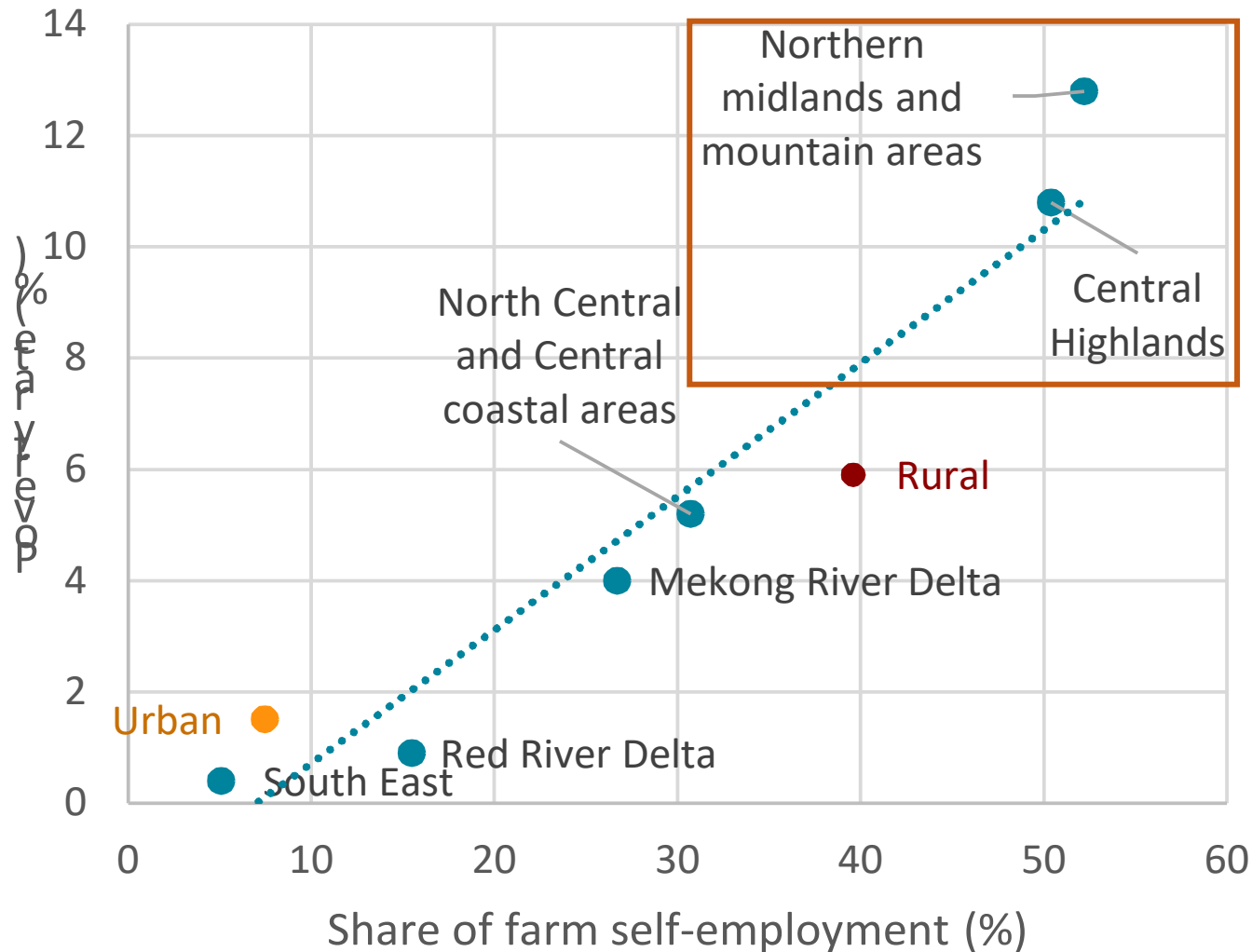
- Informal employment has **fallen substantially** over the post-COVID period
- The **increased formalisation** is most pronounced among professionals, plant and machinery operators, assemblers, and clerks and in Red River Delta

Population growth is greater in the densest areas



- Populations have grown at a far **greater rate** in the largest (and densest) areas
- Populations in Hanoi and HCM grew by **23%** over the last decade
- Population growth **doubled** between 2017 and 2022 in cities with densities of between 1,000 and 1,999 people/km²
- Population growth has been especially pronounced in **Binh Duong** and **Bac Ninh**

Poverty rates positively associated with farm self-employment



- Intensive agriculture is necessary for food security and export earnings
- Poverty rates are **substantially higher** in regions with higher shares of farm self-employment
- Continued investment in sustainable agriculture will be a source of added economic value but is **unlikely to drive substantial future job growth**

What are the **conflicts** and **trade-offs** in meeting environmental and socio-economic commitments?



Status quo

- net importer of coal with substantial consumption of oil and gas
- most electricity still generated using fossil fuels (LNG)
- limited clean energy alternatives
- rise in emissions from processing, energy, and manufacturing sectors
- socio-economic inequality in access to energy subsidies
- limited adoption of EVs, expansion of EV charging infrastructure is slow
- most cars still fossil-fuelled



Marginal change

- upgraded electricity transmission infrastructure
- gradual reduction in emissions from energy and manufacturing sectors
- electricity generated using transitional fossil-fuels (hydrogen, LNG) and renewable sources
- socio-economic inequality in access to energy subsidies
- some public transport investment, EV adoption incentivised through subsidies and rebates



Adaptive change

- major investment in grid integration
- electricity transmission network fully configured for solar/wind power
- growing private investment in clean energy technologies
- transition to clean energy is almost complete; on track for NZE by 2050
- rapid transition has left some groups behind; rise in socio-economic inequality
- EV public transport in most major cities
- 50% adoption of EVs by 2050



Radical change

- rapid economic growth
- renewables are fully integrated into grid
- entirely renewable electricity generation
- lower energy costs
- transition to clean energy is complete; on track for NZE by 2050
- large rise in vocational qualifications
- digital transformation fully implemented
- EV public transport in all cities
- 100% adoption of EVs by 2050 with integrated national charging network

1. How to maintain economic growth that has until now relied on resource intensive industries that are **high in emissions**.
2. How to achieve **sustainable economic development** against a background of **urbanisation** over the past decade.
3. How to ensure that the **transition towards net zero** emissions through clean energy solutions will not occur at the expense of **energy security**.
4. How to **balance** the environmental, economic and social impact from the **modernisation of Vietnam's agriculture sector**.

Vietnam needs a holistic and coordinated policy approach to reach net zero carbon emissions by 2050

- Policies implemented to pursue environmental sustainability should **recognise economic and social opportunities**
- Supporting **sustainable investment**: Investors need to be comfortable with rate and pace of return on investment over the shorter term
- **Sustainable procurement** is a powerful tool
- Fostering **innovation** through **collaborative R&D initiatives** that bring together universities and businesses
- A social inclusive transition: should **not disproportionately impact lower socioeconomic status** households and people
- A need for policy coordination through the establishment of a **cross-departmental government taskforce**

Building a skilled workforce – case study from Australia

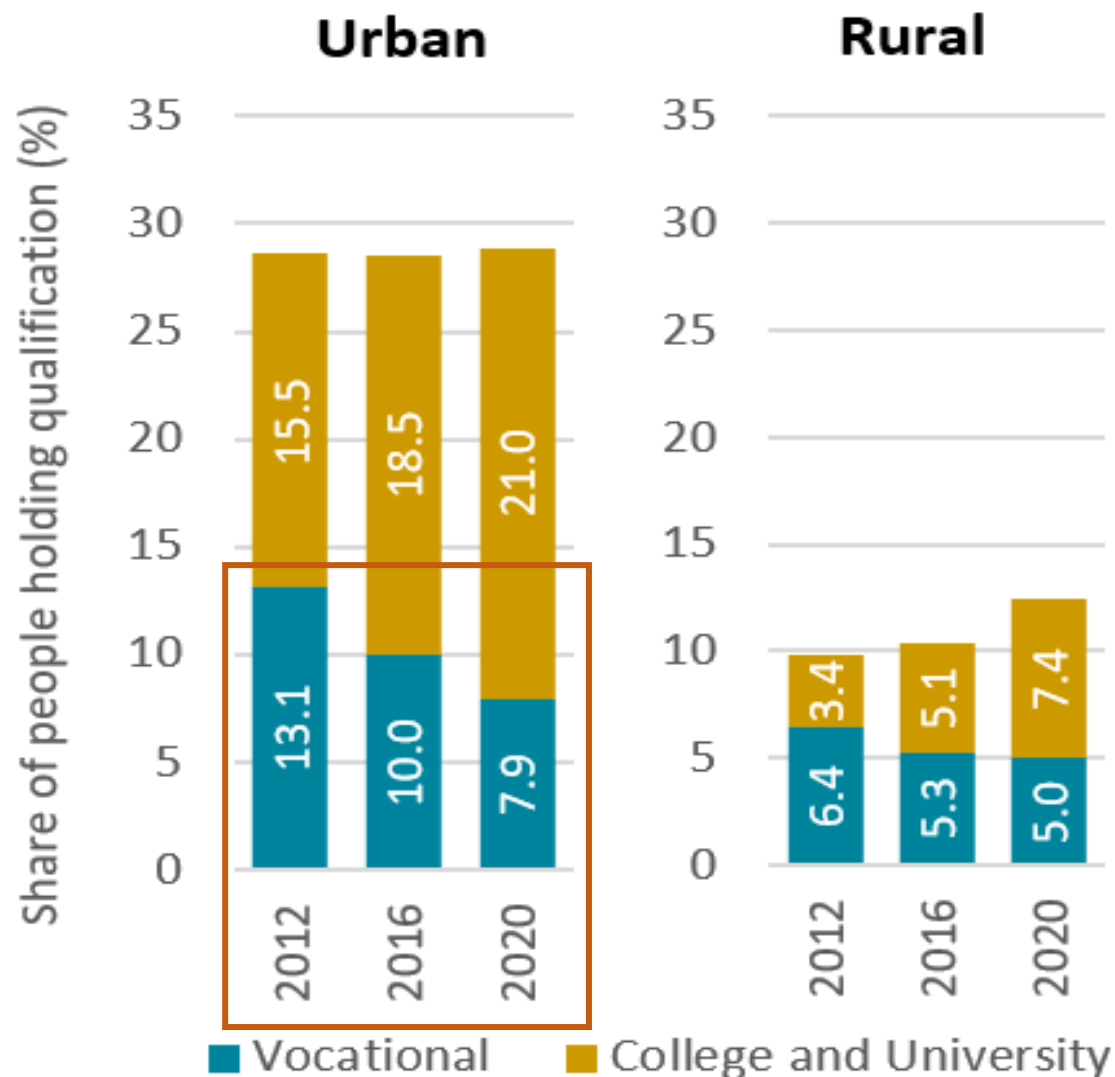
Due to the transition to net zero carbon emissions:

- jobs in coal mining or fossil fuel-based manufacturing will be **phased out**
- there will be **increased demand** for STEM skills and people qualified in environmental sciences, climate science, and energy auditing

Evidence from Australia suggests that the transition to net zero will **create opportunities** for both economic and employment growth

- In Western Australia (WA), the transition will boost the **heavy industry sector** overall and lead to strong employment growth
- Creating a more sustainable or green state is projected to deliver **55,000 jobs annually** and **add \$16 billion** to the WA economy
- Total new jobs created in Australia by 2050 from the net zero transition are projected at between **210,000** and **490,000 (+3.5%)** for the domestic sector, and between **350,000** and **510,000 (+3.6%)** for the export sector

The role of vocational training



- Over the past decade, university and college degrees in urban areas have almost **entirely crowded out** vocational qualifications
- Vietnam would benefit from **integrating industry-connected vocational training** alongside university and tertiary education
- Vocational training can **develop in-demand skills**, especially in skills of the future
- There may be a need to **elevate the recognition** and regard in which vocational training is held in Vietnam

Digital transformation

- Vietnam's digital transformation has been **rapid** over the past 5 years
- Internet access in rural areas remains **limited**
- Vietnam's ICT sector struggles with an **insufficiently developed institutional framework** and **limited capacity**
- The management of e-commerce and tax administration activities is hindered by a **lack of coordination** between the government and businesses
- Vietnam needs to **invest significantly in education and training** to upgrade the digital skills of the labour force



Policy recommendations

- **Sustainably diversify** Vietnam's industry sectors with **investments in new industries** such as clean energy and eco-tourism
- Implement **socially inclusive and targeted support** policies by involving a range of stakeholders, including vulnerable and lower-income communities
- Invest in an **education and training** system oriented towards net zero transition
- Support **affordable access to clean energy** for low-income households and reduce the gap in electricity consumption
- Reinforce **community resilience** by encouraging community-based renewable energy projects and investing in green public infrastructure
- Implement a robust system of **monitoring and evaluation**

THANK YOU!

TRÂN TRỌNG CẢM ƠN!

