

# Gaps, conflicts & opportunities for a Vietnam Materials Marketplace

**Conclusions + Recommendations**

# Research on materials flows in Vietnam

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## Study goals:

1. Review the country's regulatory framework and how it could affect deployment of a circular economy model in the plastic and paper industries.
2. Assess the willingness of stakeholders to participate in a circular economy materials marketplace program, including buyers and sellers of recycled plastic and paper materials and supporting service providers.
3. Establish an initial database of buyers, sellers and supporting service providers for further development on a secondary materials market of the two industrial sectors. (identify players & identify initial locations)
4. Establish a high-level public-private sector project advisory committee

# Situation Summary

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**Opportunity:** Boost manufacturing growth by tapping into recycled and reusable materials while decreasing the environmental impact (Circular Economy).

**Challenge:** Current policies and practices conflict or are under-developed; there is a lack of common understanding and tools.

Stakeholders desire to:

Increase recycling & reuse while decreasing pollution

This will require:

Improvements to regulations and enforcement policies, process & equipment investment, market data transparency

Place to start:

Programs and systems for gathering and sharing material flow data should be implemented; transparency will align all stakeholders on same set of data

Recommend Phase 1

Establish an oversight committee to make & test policies, incentives and penalties  
  
Implement platform (VMM) to track material data & transactions

Recommend Phase 2

Implement material trading platform (VMM)  
  
Start innovation center or zones fueled by material data, social engagement and internal/external investment

# Focus study on Vietnam material flow of plastic & paper

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Desk research, surveyed 312 producers, consumers, service providers, agencies, NGOs; 11 in-person interviews

Mfg production is rising, 14.4% growth in 2017

Domestic plastic materials (primary and recycled) meet only 20% of the demand

3M tons of plastic flow into the environment annually; 730,000 tons into the ocean

Current practices create market conflicts:

Make imported scrap more attractive (cost & quality) than domestic yet constrict access to it

Develop strong regulations yet practice weak enforcement, offer few incentives & fund little outreach, education and promotion

Motivates and enables illegal operation

74% of those surveyed were positive about a marketplace

37% expressed immediate interest in engaging

Comments shed light on desire for fair-play, ability to connect to other users, need for transaction and standardized material classification tools

# Hurdles to overcome

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- Domestic supplies of paper and plastics are falling dramatically short of meeting the needs of the Vietnamese private sector and this gap is projected to grow as the economy grows;
- Recently established regulations aimed at preventing the import of waste streams have had the unintended consequence of blocking needed scrap materials from reaching manufacturers;
- Increasing domestic production of reusable material will require investment for increased processing efficiency; need capability to connect supply & demand to facilitate business case development;
- Solution requires structured collaboration of industry, NGOs, government and investors; challenging to align interests and action; high-level advisory committee established chaired by VCCI

# Priority marketplace deliverables, validated by study

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- Standardize location and language on material volumes, content & quality
- Systematic data collection of material inputs and outputs to/from industry & waste service providers;
- Potential system for tracking and tracing material imports
- Ability to consolidate marketing, promotional & educational outreach
- Real-time conversation & transaction tool
- Certification of compliant market participants; curated directory
- Access by governmental authorities, industry associations and NGOs to data on material flows; transparency in analytics and reporting tools
- Ability to implement fee and collection for self-sustaining operation
- Local program & platform management; environment where industry and government can collaborate (led by VCCI)

# Support for Vietnam materials marketplace

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In June 2019, the Vietnam Communist Party asked government ministries to work with key industry organizations, led by the Vietnam Chamber of Commerce and Industry, to establish a long-term national strategy to establish a circular economy in Vietnam.

In limited initial interviews, key organizations & companies expressed support for platform to provide greater data transparency, regulatory rationalization and modernization of recycling and waste infrastructure and services.

Support includes: VN Pulp & Paper Assoc, Lee & Mann Paper Mfg, DOW, Coca Cola, VN Plastics Assoc, World Wildlife Fund – VN, Nike, JP Corolex

# Phase 1 execution targets

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1. Establish marketplace management committee with public / private partnership
  - a. Led by VCCI as bridge organization between government, industry and NGOs
  - b. Important government stakeholders (MONRE, MOIT, Customs, MOST, MPI...), provincial representatives
  - c. Include key industry organizations, VPA and VPPA, as well as representatives from active environmental NGOs such as WWF and GreenHub
2. Select Vietnam technology partner to manage localization and customization of platform
3. Establish participant certification process



Vietnam Plastics  
Association

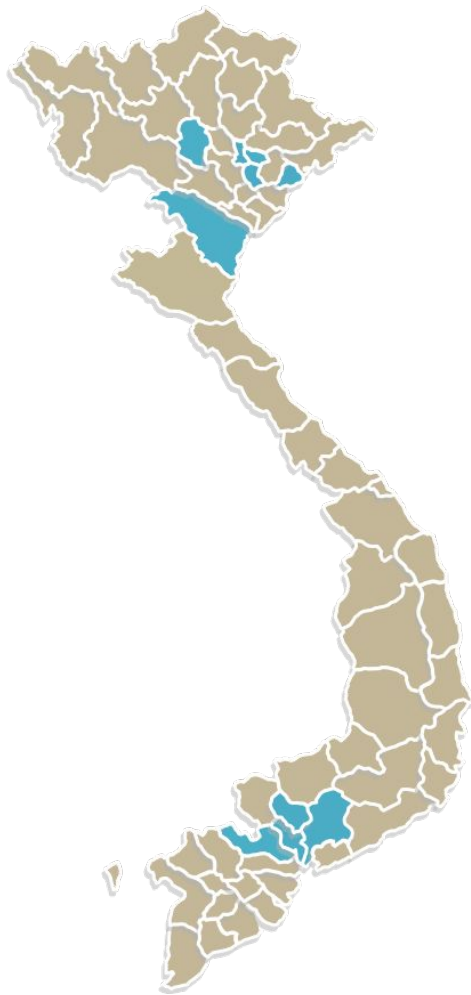




# Phase 1 execution targets

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4. Focus regions: Ho Chi Minh city, Dong Nai, Binh Duong, Hanoi, Hai Phong, Hung Yen, Long An, Bac Ninh, Phu Tho and Thanh Hoa
5. Target user sizes: Large to medium; 5000 tons of plastic per year; 50,000 tons of paper
6. Prioritized infrastructure investments: Manufacturing of recycled plastic resin, domestic paper sorting
7. Plastic waste mgmt needs more attention than paper; according to MONRE, 12.4% of landfill content is plastic waste vs 5% for paper (rough estimates only -- little data exists, especially for industry)



# Imported material made more attractive; but increasingly harder to get (legally)

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Transaction documentation needed for VAT deduction; easy to get with imports, not easy to get with domestic transactions --- this makes price of imported material more competitive.

Inspections required for imports, not for domestic. So, quality of legally imported material is more known and consistent.

Regulations coming that more tightly control types of imported material, who can use it, who can import it -- complicating sourcing

MONRE and MOIT overlap with needed approval at customs; causes large delays

# How this can benefit smaller craft villages (Phase 2)

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Recycling is rudimentary and dominated by the informal sector, causing substantial environmental problems in the craft villages where recycling takes place. Significant illegal discharge of waste due to low public awareness

