

Viet Nam Green Growth Strategy and its implications for fossil fuel subsidy reform

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Viet Nam Green Growth Strategy

- The Green Growth Strategy in Vietnam is a method to accelerate the process of economic restructuring towards the efficient use of natural resources, reducing greenhouse gas emissions through research and application of modern technologies, developing infrastructure to improve the entire efficiency of the economy, coping with climate change, contributing to poverty reduction, and driving the economic growth in a sustainable manner.

Objectives:

- Restructure the economy and increase competitiveness through efficient use of resources and address environmental degradation
- Assess and promote the use of high technology development to increase efficiency in natural resource use, reduce GHG intensity of the economy and respond to climate change
- Improve the quality through green employment, sustainable lifestyles, green infrastructure/building and restored natural capital

Targets

- Targets for 2020:
 - GDP per capita doubled compared to 2010
 - Reduced energy consumption per GDP by 1.5 to 2% per year
 - Establish modern economic structures
 - Reduce intensity of greenhouse gas emissions by 8-105%
 - Improve the efficiency of using natural resources,
 - Address environmental degradation end,
 - gradually creating the conditions to switch to a green economy and develop a sustainable developing and stable country
- Targets for 2030:
 - Reduce total greenhouse gas emissions at least 2% per year.
 - Environmental degradation addressed and natural capital improved while improved basic standards for clean and green technology established
- 2050: Green Economic Development is mainstreamed

Major Tasks

1. Greening production processes and restore natural capital.
2. Reduce the intensity of greenhouse gas emissions (per unit of GDP) and promote the uses clean energy, renewable energy.
3. Greening lifestyle and promote sustainable consumption.

Low Carbon Growth

Reduce the intensity of greenhouse gas emissions and promote the use of clean and renewable energy according to the following essential targets:

- The period 2011-2020:
 - Reduce the intensity of greenhouse gas emissions by 8-10% as compared to the 2010 level;
 - Reduce energy consumption per unit of GDP by 1-1.5% per year.
 - Reduce greenhouse gas emissions from energy activities by 10% to 20% compared to the business as usual case.
 - This commitment includes a voluntary reduction of approximately 10%, and an additional 10% reduction with additional international support.
- Orientation towards 2030:
 - Reduce annual greenhouse gas emissions by at least 1.5-2%; reduce greenhouse gas emissions in energy activities by 20 to 30% compared to business as usual.
 - The voluntary reduction will be approximately 20%, and a 10% is dependent on additional international support.
- Orientation towards 2050: Reduce greenhouse gas emission by 1.5-2% per year.

Solutions

Low carbon growth related solutions:

1. Improving energy productivity energy use efficiency, reduce energy waste in production activities, transportation and trade
2. Changing the fuel structure in manufacturing and transportation
3. Promote effective exploitation and increase the proportion of new and renewable energy sources in the nation's energy production and consumption
4. Reduce greenhouse gas emissions through the development of sustainable organic agriculture, improved competitiveness of agricultural production.

Policy matrix for 2012 – 2013

Study to propose GHG emission reduction options with promotion for use of renewable energy, clean energy within Power Masterplan VII

Study to propose policy to encourage buses and taxi shift to the use of compressed and liquefied petroleum gas for reducing environmental pollution

Draft Decree on Renewable Energy Development

Study for issuing national standards for the quality of equipment, labelling energy saving equipments

Prepare Proposal on GHG emissions managements with using of market based instruments

Fossil fuel fiscal reform (FFFR)

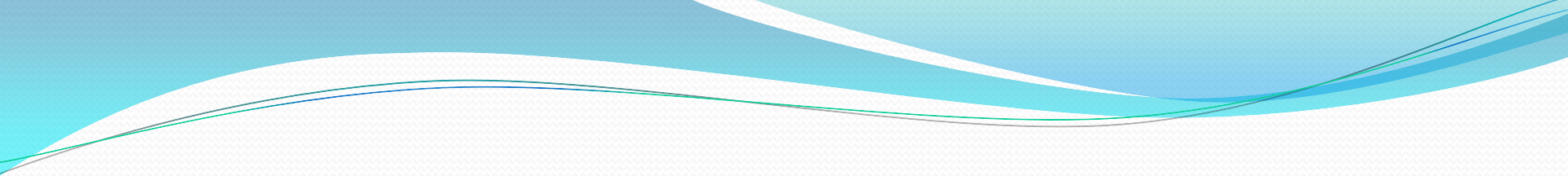
- It is understood that success of GHG emissions mitigation depends partially on domestic fiscal policies on fossil fuels.
- Fossil fuel fiscal reform concerns the phase-out of subsidies and other support measures as well as reform and increase of fuel taxes.

Fossil fuel subsidy reform

- Phase-out of fossil-fuel subsidies is particularly important, because (a) these subsidies are costly (b) they drive energy demand and GHG emissions, and (c) because they benefit medium to high income groups instead of the comparatively poor.
- Phasing-out subsidies and phasing-in taxation to discourage carbon consumption makes the alternatives financially attractive. A shift towards energy efficiency measures and renewable energy production, such as wind and solar, is about technological innovation and modernization Fossil Fuel Fiscal Policies & GHG emissions in Viet Nam of infrastructure and energy management which can have positive effects on GDP growth.

FFFR in Vietnam's Green Growth Strategy

- Apply market instruments to promote changes in the energy structure, encourage the use of clean energies, support the development of renewable energies, build a roadmap of phasing out subsidies for fossil fuels.
- Use financial, credit and market-based instruments to promote and support the development of green economy and green products. Moving towards the establishment of a management system and trading of certified GHG emissions, carbon tax and fees and levies.
- State funding allocations (central and local budget) for enhancing energy efficiency and the use of renewable energy (indirectly phasing out fossil fuel subsidies)



*Thank you very much
for your attention!*