

# Eager to play a role

Mr. Gabor Fluit, Chairman of the European Chamber of Commerce (EuroCham), shares his thoughts with VET about the sustainable and green development of FIEs.

## ■ What advantages does Vietnam hold in the sustainable development strategies of European enterprises and foreign-invested enterprises (FIEs)?

Vietnam is clearly well-positioned to become a hub for renewable energy in the region. At the same time, the government is actively working to boost renewable capacity to maintain energy security and meet power demand.

More generally, the government also prioritizes sustainable development, with policies and initiatives supporting environmentally-friendly technologies, sustainable infrastructure, and green industries. The commitment from Vietnamese authorities to “go green” aligns with many European FIEs’ green objectives, making the country an attractive destination for sustainable investment and creates an enormous opportunity for European companies to lend a hand.

Increased human resources development in the future will be a major advantage for FIEs seeking skilled workers to implement sustainable development strategies and technologies.

Vietnam’s strategic location in Southeast Asia is another advantage, providing access to a large and growing regional market. ASEAN, for example, has 650 million people and a combined GDP of \$3 trillion. The region offers major opportunities for businesses and investors to expand markets and supply chains while contributing to sustainable growth not only in Vietnam but across Southeast Asia as well. It also has the advantage of being close to some of the world’s largest energy markets.

## ■ What sectors will attract investment in sustainable development, especially from European investors?

EuroCham Vietnam has identified several sectors in Vietnam that are positioned as attractive options for investors committed to sustainable development.

Renewable energy, particularly solar and wind power, has a bright future. With its extensive renewable energy production capacity and ambitious production targets, Vietnam is well positioned to produce a significant amount of renewable energy. By sharing expertise and technology, European investors can contribute to the development of renewable energy generation, transmission, and storage infrastructure.



Waste management is another sector with potential. There is a great deal of waste generated in Vietnam, which can be recycled and converted into energy. Currently, only 16 per cent of Vietnam’s waste is disposed of in an environmentally-safe manner, indicating a pressing need. As Vietnam’s population continues to grow, this need is only going to increase.

Sustainable agriculture is another sector with great prospects for sustainable development. Seventeen per cent of Vietnam’s GDP comes from agriculture and nearly 40 per cent of its workforce is employed in the sector. However, the sector faces serious environmental challenges such as soil degradation, water scarcity, and deforestation. To overcome these challenges, sustainable agricultural practices must be adopted. This includes the implementation of organic farming, the adoption of agroforestry systems, and the use of renewable energy sources. European investors are eager to play a role.

Green buildings present an excellent opportunity as well. Vietnam’s green building market is expected to grow 15-20 per cent annually between 2020 and 2030, according to the Vietnam Green Building Council. Its report estimates that, by 2030, green buildings will account for 25-30 per cent of Vietnam’s total construction market. The government has also taken steps to promote the development of green buildings, with various incentives for those who choose to invest in the sector.

Sustainable tourism is another rapidly-growing sector in Vietnam that can reduce the environmental impact and benefit local communities. Sustainable tourism practices can create jobs and incomes for local people, helping reduce poverty and inequality. It also helps preserve the natural envi-

ronment, cultural heritage, and traditional lifestyles that make Vietnam such an exceptional and beloved destination for travelers from around the world. Investors recognize the opportunities in this sector and are keen to participate.

## ■ What challenges and obstacles do FIEs face when implementing sustainable development activities in Vietnam?

Challenges include the limited availability of green technology and infrastructure, which slows the adoption of sustainable practices and technologies, especially in rural areas.

The limited availability of specialized workers also hurts sustainable development. To overcome this, foreign expertise can be brought in to fill the gaps and provide training to local workers.

Furthermore, weak regulatory frameworks and enforcement create uncertainty and risk for FIEs, as regulations may not be effectively enforced. Clear guidance on the implementation of the Just Energy Transition Partnership agreement is also necessary.

Access to financing is another barrier. Small enterprises are especially affected, since they lack access to green financing mechanisms and traditional financing sources.

## ■ How do you view the Vietnamese Government’s support to strengthen the sustainable development activities of FIEs?

As an organization representing European businesses in Vietnam, EuroCham appreciates the government’s policy framework and its mission to promote green initiatives across the board.

The government has demonstrated a strong commitment to sustainable development. This was made clear from Prime Minister Pham Minh Chinh’s COP26 net-zero commitment. The same can be said about Vietnam’s National Green Growth Strategy for 2021-2030, which sets specific goals and measures to promote sustainable development, cut greenhouse gas emissions, and protect the environment.

It has also introduced a range of incentives to encourage FIEs to invest in sustainable development. There are tax incentives and preferential treatment for green projects, while green financing has been made more accessible.

Although the government’s efforts are worthy of praise, EuroCham firmly believes that more needs to be done. ■