



Green Production - Current Situation and Solutions for Vietnamese Manufacturing Enterprises

Thi Lan Anh Do

University of Labour and Social Affairs, Hanoi, Vietnam

Dolananh.kt@gmail.com

ABSTRACT:

Environmentally friendly solutions to limit climate change, not only agriculture but all fields such as industry, services, and trade. ... are all shifting their priorities to green production models and methods. Greening production contributes to reducing pollution and greenhouse emissions, aiming for sustainable growth, bringing many practical benefits, both economic and intangible values for manufacturing enterprises in particular and businesses in Vietnam in general. The article analyzes the current situation, offers solutions and trends in green production development at Vietnamese manufacturing enterprises.

Keywords: green production, manufacturing enterprises, sustainable development

1. Introduction

The fourth industrial revolution in our country has created a breakthrough in labor productivity, high quality, modern goods, health safety, and improved competitiveness of industries and sectors of the entire national economy, while consuming less natural resources, minimizing the use of raw materials that cause environmental pollution, leading to the restructuring and greening of industrial, agricultural and forestry production, industry and social service sectors. It can be said that the fourth industrial revolution has created conditions for the formation and development of a green economy.

Promoting green production is a development trend of countries around the world to achieve economic growth, while still maintaining environmental sustainability. It plays a very important and decisive role in protecting the environment, ensuring response to climate change and sustainable development. Developing green production not only brings great benefits to the country, but first of all it brings many benefits to businesses. The first benefit for businesses is that their green products will be trusted by users (customers) at home and abroad. Love it, looking to buy and use more. When developing green production, businesses can reduce costs, such as water and energy usage costs, reduce environmental pollution and waste treatment costs, and reduce environmental impacts. Other. Green production contributes to increasing productivity and labor efficiency by improving working conditions, working environment and workers' health. In addition, green production also enjoys the State's policies to encourage and favor green production. This article aims to evaluate the initial successes in our country's transition to "green" production, and analyze challenges and obstacles, thereby recommending some solutions to support development of green production in our country.

2. Literature review

Green consumption determines green production

Green consumption is already quite popular in developed countries and has made initial progress in developing countries as personal income and consumer awareness are increasing. Environmental experts view green consumption as a measure to "rescue the Earth" from negative changes in the global living environment. Therefore, the trend of producing and using environmentally friendly products is expected to grow strongly in the near future. Currently, consumers around the world are gradually moving towards green, environmentally friendly products and consider it as a standard for high quality products and services. Consumers are willing to pay higher prices for goods labeled as meeting sustainable production standards.

According to Kantar's survey data, through the Covid-19 epidemic, consumer needs and behaviors have also changed a lot and are moving towards a sustainable and healthy lifestyle, so they are willing to prioritize spending on essential items, fast and safe. Specifically, up to 57% of consumers believe that they will stop buying products and services that affect the environment and society; 23% of consumers prioritize buying foods from seeds; The remaining 20% of consumers are willing to spend money on products that are useful for health and the environment such as milk that increases resistance and brushes that protect the environment. Survey results by Accenture PLC, a Fortune Global 500 company in April 2020 showed that 60% of consumers want to buy environmentally friendly products. The report highlighted using less plastic as a top priority for consumers in the face of COVID-19.

According to Worldbank, 71% of consumers worldwide say they are willing to contribute to building a sustainable living environment through spending on products that are certified "green" and "do not affect the environment".

Many other survey results also confirm that about 80% of Vietnamese consumers are willing to pay more to buy products with environmentally friendly ingredients and "green" brands. This means that as people's income increases, the demand for products made from environmentally friendly materials also tends to increase. A survey by market research company Nielsen shows that up to 86% of Vietnamese consumers are willing to pay more for products from brands that have a positive impact on society and the environment (average rate of Southeast Asia is 76%). Businesses' commitment to environmental responsibility also affects the purchasing decisions of 62% of Vietnamese consumers. Actual statistics from the 2021 Green Product Consumption Campaign also show that product consumption of businesses participating in the Campaign at Co.opMart supermarket systems during the month of program implementation often increases. 50%-60% compared to other months of the year. This is the motivation for businesses to launch products that ensure "green" elements, build "green" brands, and create their own competitiveness in the market.

Stemming from the change in consumption trends towards green products globally, many businesses have begun to produce environmentally friendly green products and demonstrate their efforts to protect the environment. Production and business enterprises are gradually changing outdated or less environmentally friendly production habits to move toward "green" production solutions.

Green production trends of Vietnamese manufacturing enterprises

"Green production" is a production process in which from input materials to output products are environmentally friendly and do not cause harm to human health. Green production is an important link helping Vietnam move towards a green and sustainable economy. Greening production also poses new demands and requirements for businesses in accordance with the general development trend, while enhancing their position and increasing competitiveness in both domestic and foreign markets.

Many Vietnamese businesses have been paying more attention to using natural raw materials, fuels, and non-toxic chemicals; Invest in modern machinery, technology, and production line equipment according to international standards to improve processes, towards green production.

For example, the experience shared at Long An Limited Liability Company with a closed, continuous clean production method according to the lowest standards is VietGAP, from fruit trees such as bananas, grapefruit, durian to Australian beef farming. , Japanese beef, shrimp..., the company has developed an increasingly high quality and strong farm, becoming an important partner of the Japanese market in importing Fohla bananas. In order for bananas to meet export standards, the Company must comply with production rules according to more than 140 food safety criteria set by the Japanese market. Among them, including daily production diary recording activities, production materials only contain active ingredients approved for use in Japan.

For each shipment transferred to the Japanese market, a team of staff checks and screens for impurities, uniformity, and quality according to the importer's requirements. Not stopping there, they also combine the production of Australian beef cattle on farms, with biological bedding made from coco peat and microbial products that treat cow manure directly in the barn, creating a clean green space. for the living environment of beef cattle. Also from this method, the waste source from beef cows becomes a source of microbial fertilizer with a volume of tens of thousands of tons, turning to serve the banana garden.

Enterprises choose circular economy to proactively use clean energy, in addition to solutions to save electricity and water during the production process... as well as install a quality, hygiene and safety management system. waste treatment system as well as aiming for green, clean production criteria , etc.

Heineken Vietnam is an example mentioned as a typical example. This enterprise currently has 6 beer factories and 10 offices in Vietnam, is supporting up to 212,000 jobs, contributing 0.95% of GDP and ranked 5th in the 1,000 businesses that pay the most taxes to the Vietnamese budget. Male. To contribute to combating climate change, participating in environmental protection and maintaining sustainable development, at every step in the production and distribution of products, businesses proactively implement greening. Currently, 5/6 Heineken Company's production plants have brewed beer using 100% renewable energy. In packaging, 100% of beer bottles and kegs are reused, and 100% of beer cans are recycled.

In waste management, 99% of by-products and preparations are recycled and reused. In office and event organization, businesses reduce electricity by 1%, water by 8%, and paper by 33%. In addition, Heineken Vietnam also optimized product distribution, helping to reduce 2,000 tons of CO₂; Using 100% green refrigerators reduces 65% CO₂ gas; Improvements in packaging help businesses reduce 273 tons of paper in 2020. Clearly, recycling has brought benefits to both businesses and society, especially people in the locality where the project is implemented. Currently, Heineken has almost no landfill waste, because 99% of waste has been reused and recycled during the production process.

According to statistics, currently, Unilever Vietnam has achieved encouraging results in the use of plastic such as reducing 55% of virgin plastic, 62% of product packaging is recyclable and 100% of rigid plastic packaging is uniform. uses recycled plastic. In addition, the Group also plans to eliminate fossil fuels in the formulation of cleaning and laundry products. To date, about 96% of Unilever Vietnam's home care products contain biodegradable ingredients. In addition, the business also aims to turn CO₂ from industrial emissions into useful chemicals and minerals to serve the production of home care products. Applying this approach recently has helped Unilever globally reduce up to 28% of greenhouse gases in product formulations.

Notably, currently 100% of Unilever's factories, offices, research and development facilities, data centers, warehouses and distribution centers globally use renewable grid electricity. This is also the goal that Samsung Vietnam is aiming for when recently, the world's leading electronics corporation has raised the issue of purchasing electricity from renewable power sources for use in its factories.

Vietnamese businesses have gradually asserted their position, also improving the competitiveness of their products in terms of quality, transparency, safety, and environmental friendliness, although there are still many difficulties.

3. Difficulties businesses encounter when implementing green production

First, Vietnam still does not have a legal framework or set of criteria to identify and evaluate the level of green production. Implementing greening also requires coordination, sharing and engagement with relevant parties; must have a team of good experts; Expensive recycling and reuse technology...

Second, most Vietnamese businesses have outdated technology, small production scale and lack of investment resources for recycling technology. To be able to create a clean, closed, continuous production chain, businesses need a large amount of funding to reinvest. Especially, during difficult times such as social distancing according to Directive 16/CT-Ttg of the Prime Minister recently, causing congestion in transporting goods to the port. Therefore, businesses are in dire need of preferential loans with low interest rates to re-produce when goods are temporarily stagnant.

Third, green products of Vietnamese businesses today satisfy many demanding markets. Any market is a potential market for Vietnamese agricultural products. However, producing according to the importer's criteria does not mean it will sell at a high price as the producer wants. Japanese people demand higher quality products, but the prices may not be higher than Vietnamese supermarkets, and the price of bananas also depends on the time when the source of goods is more or less competitive. This makes many businesses afraid to change traditional production methods.

4. Solutions to support green manufacturing businesses in Vietnam

To support businesses in developing green production, it is necessary to focus on a number of solutions as follows:

Firstly, we need to take advantage of opportunities, for example: some countries like Korea, Singapore, and Taiwan have become "dragons" of development, have also gone through difficulties but they know how to take advantage effectively. "opportunity" brings. Even China, with 1.5 billion people, wants to modernize its economy and must take advantage of the opportunity to apply modern production technology and large investment funds from the US and G7 countries. For Vietnam, the recent "Event of upgrading the partnership between Vietnam and the US to a comprehensive strategic partnership" is an opportunity that can create conditions for our country to rapidly develop its economy. Green and modern economy to become one of Asia's "dragons".

Second, strengthen, propagate and raise business awareness about the importance of green growth. The state needs to pay attention and invest in developing education, especially investing in facilities for laboratories, modern technology rooms and testing in vocational and university training establishments. study, so as to promptly provide good scientific and technological human resources to be able to compete for green goods in the international FTA market. Our country has about 3 million overseas Vietnamese living in many developed countries around the world. Most of them are experts and good intellectuals. If Vietnam knows how to attract and create favorable conditions for them to contribute their talents to modern green production, it will overcome the weakness of lack of human resources. In addition, it is necessary to strengthen, propagate and raise business awareness about the importance of green growth, train and train businesses on the technical and technological content of green growth; Organize activities to share experiences in implementing green production; Learning from foreign experiences, developing the market for technical consulting services and green production management solutions for businesses...

Third, promote the development of green consumption markets. The government needs to increase special consumption tax on goods with high emission levels; Exemption from special consumption tax for goods with low emission levels. Provinces and cities need to strengthen propaganda and advocacy to raise awareness of the meaning and importance of green consumption behavior for individuals, families and communities; Building the habit of choosing to use green products and creating movements to develop green consumption markets will lead to stronger green production development and success in international green product trade competition.

Fourth, promote the movement "Enterprises meeting sustainable development standards".

+ Publicize information about the business's significant economic, social, environmental and management activities and impacts.

+ Carry out evaluation and ranking of businesses based on economic, social and environmental aspects.

Fifth, support businesses to build capacity to implement green growth.

+ Training and coaching businesses on the contents of green growth.

+ Develop the market for technical consulting services and green production management solutions for businesses.

+ Organize activities to share experiences in increasing green production among businesses, learning from foreign experiences.

Sixth, build and develop financial and banking services to support businesses in implementing green growth. It can be seen that green credit is an inevitable direction for the global financial industry and the Vietnamese financial industry in particular, bringing great benefits in environmental protection and sustainable development. In the context of the complicated Covid-19 epidemic, the banking system is trying to implement many solutions to promote green credit capital. The case of granting trillions of VND in credit for the green transformation project of Century Fiber Company is further evidence

that the ability of textile and garment enterprises to access capital is high if they proactively keep pace with the trend "greening" and include projects that evaluate environmental impact factors.

Seventh, offer preferential policies for businesses that commit and achieve results in implementing green production. In recent times, Vietnam has had many outstanding financial policies such as policies on taxes, fees and economic tools to help businesses develop green production. For example, the Law on Natural Resources Tax No. 45/2009/QH12 has regulations on tax rates to ensure the principle that "non-renewable resources" will apply high tax rates, "renewable resources" will apply. created" then a low tax rate will apply. In addition, to create conditions for businesses to mobilize capital to invest in environmental projects, the framework for green finance in Vietnam is gradually forming and the financial system has actively participated in the campaign. greening the economy. For example, the State Bank also issued Directive No. 03/CT-NHNN on promoting green credit growth, and issued Decision 1604/QĐ-NHNN on approving the Green Bank Development Project in Vietnam. Nam... However, to promote the development of green production in our country, it is necessary to complete the legal corridor and supplement green standards and criteria in production to help businesses more easily navigate green transformation. . At the same time, soon complete the legal framework related to incentives for businesses to actively develop green production, such as granting green credit and issuing green bonds, so that businesses can easily access green production. capital sources , tax reduction and low interest loans. In addition, it is necessary to supplement appropriate policies and support programs to encourage businesses to implement green production models. If businesses are still reluctant to change, they will not be able to go far and may face elimination when they cannot compete in the green market and cannot participate in exports under FTA agreements. new. On the consumer side, we need to be clearly aware of our responsibility to increase the trend of using green products, contributing to opening up a potential market for green manufacturing businesses.

REFERENCES:

1. Hair, J.F., Hult, G.T.M., Ringle, C.M. and Sarstedt, M. (2014). *A Primer on Partial Least Squares Structural Equation Modeling*. Thousand Oaks, CA: Sage,.
2. Jiang, S., Han, Z., Huo, B. (2020). *Patterns of IT use: the impact on green supply chain management and firm performance*. *Industrial Management & Data Systems*, 120(5), 825-843;
3. Sini Laari,S. , Töyli,J., Solakivi,T., Ojala,L. (2016). *Firm performance and customer-driven green supply chain management*. *Journal of Cleaner Production*,112, 1960-1970;
4. Umar and partner. (2016). *Effects of Technological Innovation in Relationship between Green Supply Chain Management Practices and Green Performance*.*International Review of Management and Marketing*, 6(4), 677-682.
5. Ngoc Linh (2021), *Green production - An important link for green growth*, <http://consosukien.vn/san-xuat-xanh-mat-xich-quan-trong-de-tang-truong-xanh.htm>
6. Le Anh (2017), *Green production: An inevitable trend of businesses*, <https://tphcm.chinhphu.vn/san-xuat-xanh-xu-huong-tat-yeu-cua-doanh-nghiep-10116742.htm>
7. 2. Ministry of Industry and Trade. *Vietnam - European Union Free Trade Agreement (EVFTA)*.
8. 3. Ministry of Industry and Trade. *Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)*.